DEUFOL
Packaging. Next level.

REMOVING LIMITS.

ANNUAL REPORT # 2015

Overview of the Deufol Group

Figures in € million	2015	2014	± (%)
Results of operations			
Total sales	324.8	298.9	8.7
Germany	170.9	156.3	9.4
Rest of the World	153.9	142.6	7.9
Ratio of foreign sales (%)	47.4	47.7	(0.7)
EBITDA	15.6	13.5	15.6
EBIT(A)	8.2	6.2	32.3
EBT	5.5	3.5	57.1
Income tax income (expenses)	(1.9)	(3.0)	(36.7)
Result for the period	3.59	0.47	663.8
thereof noncontrolling interests	0.30	0.24	25.0
thereof shareholders of the parent company	3.30	0.23	1,334.8
Earnings per share (EPS), (€)	0.075	0.005	1,400.0
Assets structure			
Noncurrent assets	137.1	138.9	(1.3)
Current assets	87.5	79.4	10.2
Balance sheet total	224.6	218.3	2.9
Equity	102.4	97.3	5.2
Liabilities	122.2	121.0	1.0
Equity ratio (%)	45.6	44.6	2.2
Net financial liabilities	39.4	37.0	6.5
Net cash/investments			
Net cash provided by operating activities	5.5	22.2	(75.2)
Net cash used in investing activities	(2.9)	(2.3)	26.1
Net cash used in financing activities	(4.3)	(8.9)	(51.7)
Investments in property, plant and equipment	5.2	5.7	(8.8)
Employees			
Employees (average)	2,641	2,523	4.7
Personnel costs	103.2	95.1	8.5

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WE FOCUS ON PACKAGING + SUPPLY CHAIN LIMITS
AND REMOVE THEM.

003 TO OUR SHAREHOLDERS

DEUFOL
Packaging. Next level.

Foreword by the Managing Directors

Fiscal Year 2015:
Initial Success Following the Transformation and Renewal of the Past Few Years

Dear shareholders and business partners,

In 2015 the Deufol Group realized some initial success following its transformation and renewal of the past few years. The personnel and structural changes implemented over the past three years – with a focus on our core business in line with our mission statement "WE FOCUS ON PACKAGING + SUPPLY CHAIN LIMITS AND REMOVE THEM" – are paying off. The Deufol Group's potential is increasingly shaping our business and is reflected in our figures. Above all, this is associated with our position as a globally oriented company which is a world market leader in the field of export and industrial packaging and related services. We still have some way to go, but the past fiscal year indicates the trend that we must continue to follow. In 2015, the sales of the Deufol Group increased by approx. 10 %. This exclusively comprises organic growth which was not generated through purchases. In Germany especially, we are highly confident on the basis of our performance in the past fiscal year. Here we realized clear sales growth for the first time in many years, while also improving our operating result. This favorable trend is not least a reflection of the pooling and centralization of our resources in the field of Business Development in Germany.

For long-term fulfillment of our goals and in order to reinforce our capacity for innovation, in the past fiscal year 2015 we invested in our know-how and management systems. In line with our corporate and business strategy, we have developed a new variable remuneration model and a Group-wide system for the targeted exchange of information and for pooling of resources. These systems are currently being rolled out.

As an innovation driver and trendsetter in the field of export and industrial packaging, we pursue the continuous development of our portfolio of services including related applications. Our proprietary IT solutions – through which we consider ourselves very well equipped for an increasingly integrated global economy – are key factors in our success.

Our business in Germany – where we are clearly focused on export and industrial packaging – has developed very positively. For German mechanical engineering, overall 2015 was a positive year, albeit not everywhere. The energy plant engineering sector in particular is continuing to undergo enormous structural changes, which we too are noticing. However, due to our competitive advantages we consider ourselves well placed on the German market for the future. In the Rest of Europe, we have increased our activities in the field of Consumer Goods Packaging. In our various regions, business was either stable (particularly in Belgium) or else stabilized following losses suffered in previous years due to customers' insolvencies (Italy). Our subsidiaries in the USA likewise performed highly positively in 2015 and provided a significant contribution to the earnings of the Deufol Group.

We have operated in China since 2015 together with our strategic partner, the Netherlands' Meilink Group. Our new location in Yantai has successfully commenced its operating activities and has completed its ramp-up phase as scheduled. We envisage increased sales and also hope to secure advantages for intercontinental business through a strong location in China.

On the financing side, in the past fiscal year we initiated negotiations to extend our current syndicated financing arrangement in Europe which was due to expire in the autumn of 2016. In view of the very positive and trusting relationship with our syndicate banks, both sides were keen to continue this successful arrangement. We were able to secure extensive improvements for Deufol through our negotiations with our financial partners on follow-up financing. As well as expanding our line of credit, we also improved our conditions. We also significantly widened our scope for financing transactions outside the framework of our syndicate agreement, which has provided us with additional flexibility. We have thus now secured the financial foundations of the Deufol Group's planned medium-term growth. In January 2016 we signed a new financing agreement whose term expires in October 2019.

The first six months of 2015 were highly promising for the Deufol Group, and we provided the capital markets and the general public with detailed information on this development within the scope of our listing in the Entry Standard at that time. However, this trend unfortunately failed to have a positive impact on the performance of the Deufol share. This experience combined with the fact that a stock market listing entails not insignificant costs strengthened our resolve for the Deufol share to be delisted. We duly implemented this in October 2015.

Our continuing business success will leverage our existing competences as well as our resolve to improve our services on an ongoing basis. We are thus developing a business culture which ensures our ability to adapt flexibly in line with prevailing market conditions. Our Deufol strategy enables us to operate on the market both dynamically and flexibly, securing the basis for a long-term competitive advantage.

Accordingly, we should like to sincerely thank our business partners, shareholders and employees for the confidence which you have placed in us. Our environment is undergoing a process of permanent change. In future, we will continue to tackle the resulting challenges dynamically and creatively!

Yours sincerely,

The Managing Directors
Klaus Duttiné, Dennis Hübner, Detlef W. Hübner, Jürgen Schmid

Report of the Administrative Board

In the following report the Administrative Board provides notice of its key activities in fiscal year 2015. Deufol SE is managed by its Administrative Board ("one-tier system"), which determines the basic profile of its activities and monitors their implementation by the managing directors. The key areas of the Administrative Board's management, supervisory and advisory activities, the audit of the annual and consolidated financial statements, relationships with associates and changes to the executive bodies are commented on below.

The Administrative Board has performed the duties assigned to it by law as well as the Articles of Association and the by-laws. It has managed the Company, determined the basic profile of its activities and monitored their implementation by the managing directors. The Administrative Board was directly involved in all decisions of fundamental importance for the Company. This is based in particular on a detailed catalog of transactions requiring the prior approval of the Administrative Board, which is contained in the by-laws for the managing directors.

During the reporting period, the managing directors informed the Administrative Board, both verbally and in writing, of all relevant issues concerning the Company's position and material business transactions. The Administrative Board received a monthly report consisting of a current income statement, balance sheet and cash flow statement for the Group as well as overviews of the development of sales, operating results and other indicators for the individual subsidiaries together with target/actual comparisons and corresponding prior-period figures. The Administrative Board regularly submitted questions to the managing directors on the basis of these data, which the managing directors then answered accordingly.

The Administrative Board regularly and promptly received the minutes of the meetings of the managing directors as well as up-to-date reports on trends not documented in special minutes. There was frequently a comprehensive exchange of opinions between the Administrative Board and the managing directors on these issues. In addition, the members of the Administrative Board maintain regular verbal and written contact with the managing directors.

Meetings of the Administrative Board

The Administrative Board considered the reports of the managing directors and other decision papers in a total of five meetings and also in frequent electronic and telephone conversations and discussed them in detail with the managing directors.

In three cases, resolutions were adopted outside meetings. These urgent decisions, that could not be delayed until a regular Administrative Board meeting, were preceded by an in-depth exchange of information by e-mail and telephone. With the exception of two meetings which, in each case, a different Administrative Board member excused himself from attending, all of the members of the Administrative Board attended all of its meetings; no members thus attended less than half of them.

Key Topics of Discussion

In the period under review, Deufol's current sales and results of operations in its individual business segments – with a particular focus on its business activities in Germany, the USA and Italy as well as its future business development in these fields – were a strategic priority for the Administrative Board's discussions with the managing directors. Deufol continued to focus on the optimization of its production locations in the Industrial Packaging segment in Germany in 2015. Here, it remains committed to a goal of implementation and ongoing improvement of software-supported business processes and a resulting improvement in performance, by reducing costs by means of synergies.

As in previous years, the Administrative Board also intensively discussed the action for damages against the Company's former Executive Board members Andreas Bargende and Tammo Fey as well as other former executives.

Finally, financing of the Group and the ongoing development of its medium- and long-term financing strategy was another core focus of the Administrative Board's activities. In this respect, the delisting of the Deufol Group and the streamlining of its management at the level of its managing directors were also resolved in 2015.

Audit of the Single-Entity and Consolidated Financial Statements

In accordance with the resolution passed by the Annual General Meeting on July 1, 2015 and the subsequent audit engagement issued by the Administrative Board, the annual financial statements for the fiscal year from January 1 to December 31, 2015 prepared by the managing directors in accordance with the German Commercial Code and the management report of Deufol SE were audited by Votum AG, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and issued with an unqualified audit opinion.

The consolidated financial statements of Deufol SE were prepared in accordance with the International Financial Reporting Standards as stipulated by section 315 a of the German Commercial Code. The auditors issued the consolidated financial statements and the Group management report with an unqualified audit opinion.

All documents relating to the annual financial statements, including the management report and Group management report, the managing directors' proposal for the appropriation of net profit and the audit reports issued by the auditors, were presented to the Administrative Board. The Administrative Board examined these documents and discussed them in the presence of the auditors. The Administrative Board concurred with the results of the audit and, based on the results of its own examination, did not raise any objections. On April 29, 2016, the Administrative Board endorsed the annual financial statements of Deufol SE for 2015 and the consolidated financial statements. The annual financial statements have thus been approved. The Administrative Board also approved the managing directors' proposal for the appropriation of net profit.

Report on Dependence

The managing directors have also compiled a report regarding the Company's relationships with associates and presented this to the Administrative Board together with the audit report produced by the auditors. The auditors have issued the following audit opinion for the report: "In accordance with our due audit and assessment, we confirm that

1. the factual information in the report is correct,
2. for the legal transactions stated in the report the Company's performance was not inappropriately high or disadvantages were balanced out,
3. in respect of the measures stated in the report, there are no factors suggesting an assessment significantly different from that of the managing directors."

Within the framework of its own audits of the report regarding the Company's relationship with associates, the Administrative Board has determined that no objections are applicable and agrees with the auditors' findings.

Administrative Board

Pursuant to the resolution passed by the Annual General Meeting held on July 1, 2015, the existing members of the Administrative Board were reappointed for a new term. The members of the Administrative Board subsequently elected Mr. Detlef W. Hübner as the chairman and Mr. Helmut Olivier as the deputy chairman of the Administrative Board. The by-laws of the Administrative Board remain applicable as before.

Hofheim, April 29, 2016

For the Administrative Board
Detlef W. Hübner
Chairman

DEUFOL PACKAGES SOLUTIONS.
WHETHER BIG OR SMALL, NEAR OR FAR, WE HANDLE
YOUR GOODS EFFICIENTLY AND SAFELY.

EXPORT & INDUSTRIAL PACKAGING

WE FOCUS ON PACKAGING + SUPPLY CHAIN LIMITS
AND REMOVE THEM.

011 SUMMARIZED MANAGEMENT REPORT

LOGISTIC SERVICES

AUTOMATED DATA PACKAGING

IT SOLUTIONS

PROMOTIONAL & DISPLAY PACKAGING

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Operational Principles of the Group

Organizational Structure and Business Fields

Structure of the Deufol Group

The Deufol Group (together with its key subsidiaries and investments) is a global premium service provider in the field of packaging and related services. Deufol SE is the Group's parent company and is seated in Hofheim (Wallau). It has direct or indirect interests in key Group companies which handle operating business in the individual countries. Overall, on the balance sheet date 34 direct and indirect subsidiaries were included in the consolidated group of Deufol SE. Of these companies, 19 were German companies while 15 were domiciled in other countries. Please see the chapter "Facts & Figures" on page ▶ 89 for a summary of our operationally active investments and their corporate structure.

Organization and Management

Deufol SE operates as a European company (Societas Europaea, SE). Deufol SE has a one-tier management system and its Administrative Board acts as a uniform management body. The Company's managing directors handle its business in accordance with prevailing law, the Articles of Association, the by-laws for the managing directors and the guidance of the Administrative Board, by fulfilling the basic tasks and instructions specified by the Administrative Board.

As a management holding company Deufol SE does not have any client business and instead mainly handles management and control tasks. These include defining and developing strategic business fields, acquiring strategic customers and partners, appointments to management positions and control of the flow of capital within the Group.

The managing directors and site managers are responsible for on-site management of operational processes, with due consideration of regional specifics. Management is in the form of annual budget planning, individual target agreements as well as regular meetings and monthly reviews. In addition, internal corporate governance guidelines specify consent requirements for specific types of transactions, e. g. investment schemes exceeding a specific volume.

As a global premium service provider, in general we offer our services at all of our locations and benefit from extensive international experience. We have divided up our expertise into the following four service areas:

- Export & Industrial Packaging
- Automated Packaging and Promotional & Display Packaging
- Data Packaging
- Supplementary Services

Export & Industrial Packaging

The Export & Industrial Packaging service group mainly comprises packaging activities for manufacturers in the mechanical and plant engineering sector. This includes computer-based construction of packaging, individual and serial crate production, export packaging logistics, sea freight, air freight and hazardous goods packaging as well as the management of major industrial projects. Our proprietary IT solutions, our high-quality CAD crate design and our software support system for management of separate parts within the scope of the packaging process are key factors in our success. In our Export & Industrial Packaging segment, we also provide further industrial services such as disassembly and assembly services, on-site management and spare parts warehousing.

Automated Packaging and Promotional & Display Packaging

Our Automated Packaging and Promotional & Display Packaging services comprise consumer goods packaging services. They include the entire spectrum from fully automated packaging of bulk commodities using high-tech machinery to manual stocking of exceptionally eye-catching displays. We ensure the continuous development of our range of services as integrated services and provide support services for the packaging process such as labeling, repackaging, distribution logistics and transport and document management.

Data Packaging

The Data Packaging service area comprises innovative packaging solutions, particularly for gift cards. Automated packaging of gift cards is supplemented with highly effective data management services and is offered with integrated, seamless data tracking. This area of competence also includes design and personalization of cards, specialty packs (enclosure of promotional articles) and multipacks of up to eight cards.

Supplementary Services

This comprises services such as warehouse planning and management, handling small volumes and samples, commissioning, contract logistics and value-added services.

Business Development and Operational Responsibility

Business Development comprises all activities associated with the development of our existing business operations globally and at all of our locations. Besides operational responsibility for ensuring the smooth handling of day-to-day business, the site managers are responsible for maintaining and developing local customer relationships as well as developing new ones. Each site manager works hand in hand with Business Development.

Locations of the Deufol Group

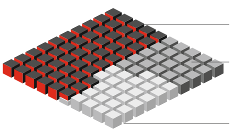
Globally Positioned with Locations in Ten Countries

In connection with the business activities of the Deufol Group, the terms “location” and “sales market” are more or less synonymous. As a service provider we mainly provide our services on a customer- and project-specific basis; as a rule, sales occur where the service is provided.

In Germany, as of December 31, 2015 we had around 56 locations which account for a total of 52.6 % of Group sales. The Rest of Europe – which accounts for around 21.8 % of the Group’s business – comprises 24 operational facilities in Belgium, the Netherlands, France, Italy, Austria, the Czech Republic and Slovakia.

Sales by region

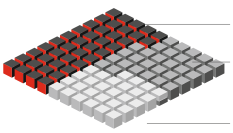
figures in € million



170.2	Germany
70.7	Rest of Europe
83.2	USA/ Rest of the World

Assets by region

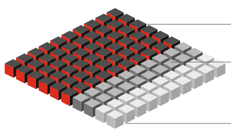
figures in € million



85.5	Germany
62.2	Rest of Europe
55.6	USA/ Rest of the World

Employees by region

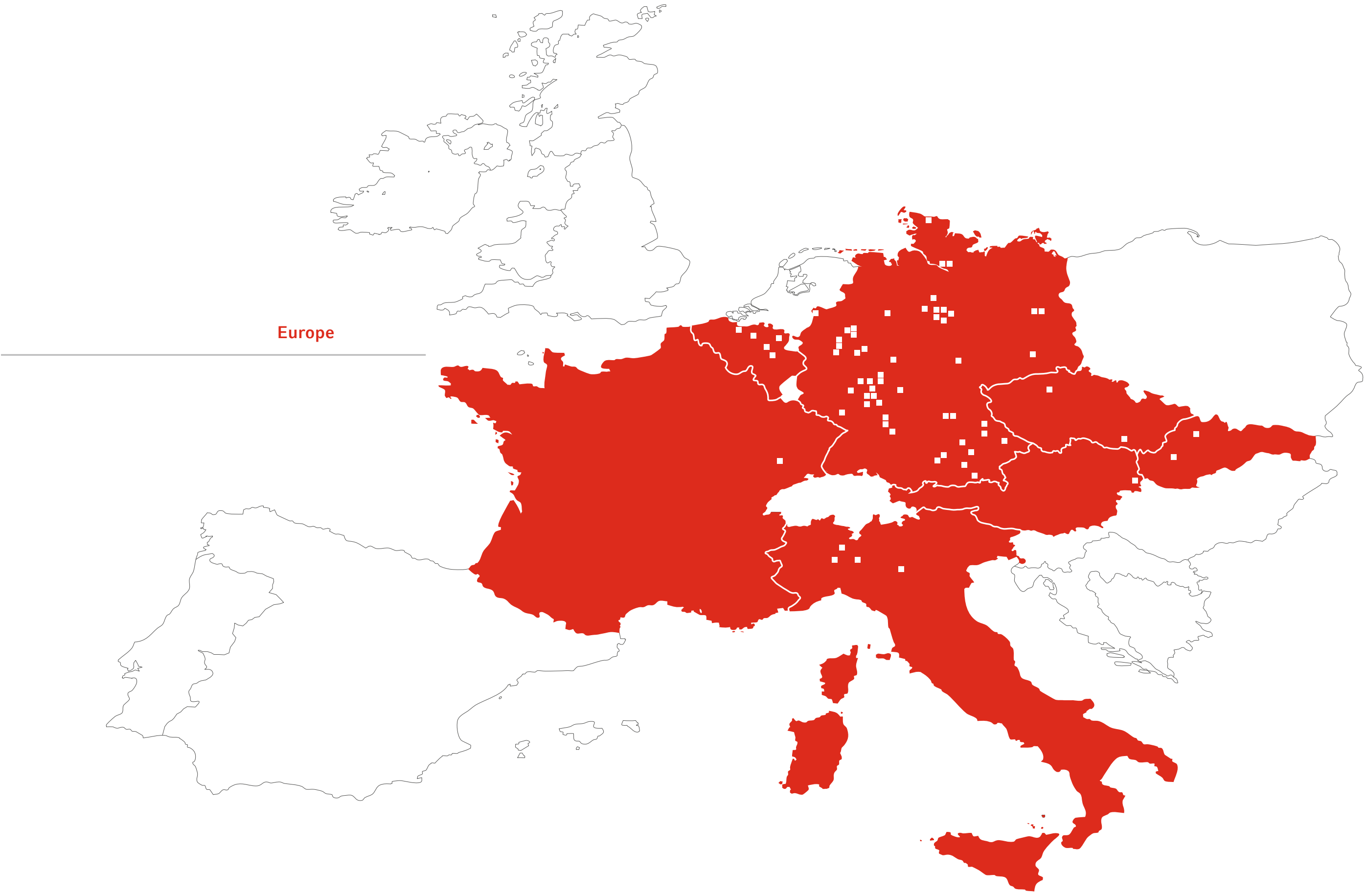
Deufol Group



1,626	Germany
520	Rest of Europe
511	USA/ Rest of the World

In the USA / Rest of the World – which contribute approx. 25.6 % of sales – business is handled through our two locations in Charlotte and Sunman. We have three locations in Asia. In the People's Republic of China, as well as our existing location in Suzhou we have established a new location in Yantai which we operate together with a joint venture partner. We also have a plant in Singapore.

The Deufol Group's geographical presence is shown in the following diagram.



Number of locations

Germany	56
Rest of Europe	24
USA / Rest of the World	5

Region-Oriented Segment Structure

Notes 38, 39

The management and reporting structure of Deufol SE is based on the following geographical regions which are summarized for management purposes:

- Germany
- Rest of Europe
- USA / Rest of the World

Competition Environment

High Level of Customer Loyalty, Varying Levels of Competition

The Deufol Group provides its services in a range of different competitive scenarios through its presence in various regions. In 2015 Export & Industrial Packaging maintained its strong market position in Germany. This is a fragmented market, and as one of the key players Deufol is able to exploit economies of scale.

The orientation of the Automated Packaging segment is mainly product-specific and in accordance with customer relationships. Due to the frequently strong level of integration with customers, this sector is only subject to limited competition. Competition is stronger in Promotional & Display Packaging due to the high volume of manual work.

Multipack gift cards solutions – a key Data Packaging service – are provided on the basis of many years of know-how in Automated Packaging and strong IT expertise, which yields a competitive advantage over other providers. For our Supplementary Services – particularly warehouse logistics – the intensity of competition varies, since in-house outsourcing divisions are generally subject to a lower degree of competition due to their close relationship with customers. Where warehouse logistics is provided in so-called "multi-user structures", i. e. with multiple customers at a single warehouse, the Deufol Group does business in a highly competitive environment. Successful future performance here hinges on providing customer-specific additional services.

Research and Development

No Conventional Research Expenditure

A service provider such as the Deufol Group does not have any conventional R & D expenditure. Instead, we constantly develop new products, innovative services and IT solutions for increased process efficiency, while preparing new projects or through close cooperation with our customers.

Report on the Economic Environment

Economic Outline Conditions

Slowdown in the World Economy in 2015

According to the Kiel Institute for the World Economy, the pace of world economic growth has weakened recently. While global production picked up slightly in the second half of 2014, growth slowed at the start of the past year and remained highly moderate in historical terms over the course of the year. In the fourth quarter of 2015, global gross domestic product growth amounted to just 0.6 %, its lowest level for 3 years. World trade growth also remained weak. In December 2015, it was only 0.6 % stronger than one year previously. This growth is very low by comparison with the global gross domestic product figure (weighted in line with purchasing-power parities), which at almost 3 % in the fourth quarter of 2015 was stronger than in the previous year. However, the very weak trend for world trade is attributable, above all, to the declining volume of industrial production (which is relatively trade-intensive).

In the advanced economies, growth faltered towards the end of the year. However, employment growth which remains strong and positive basic sentiment among consumers and in the services sector suggest that the fourth quarter was an outlier in terms of the basic economic trend. On the other hand, the emerging markets' economic position remains weak. China has suffered a significant growth slowdown, while other countries such as Russia, Brazil and Venezuela remain deep in recession.

Eurozone's Growth also Burdened by Uncertainty

Economic growth in the Eurozone has recently slowed. Somewhat stronger gross domestic product growth in the first half of 2015 gave way to a considerably weaker trend in the third and fourth quarters.

Uncertainty in Europe clearly picked up in the fourth quarter of 2015. This reflected changes of government following elections in several countries, the referendum on the United Kingdom's possible withdrawal from the EU as well as the fact that the current approach to the refugee crisis raises questions over future cooperation in Europe.

In 2015 as a whole, economic activity focused above all on internal demand. The gross domestic product figure grew due to private consumption and private investments as well as government consumption. On the other hand, due to a very moderate export trend foreign trade dampened gross domestic product growth.

Germany: Upswing Gathers Pace

According to the Kiel Institute for the World Economy, over the course of 2015 the German economy suffered a loss of impetus following a buoyant start to the year. However, its slower recent pace is likely attributable to temporary external factors rather than marking any turning-point in the economic cycle.

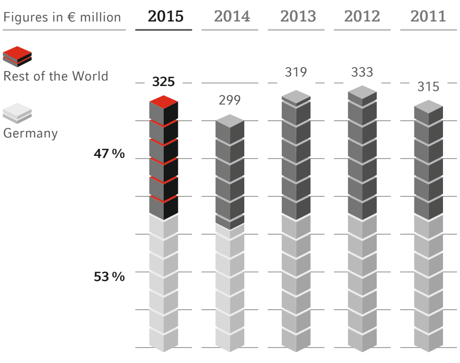
Since mid-2015, Germany's economic momentum has been clearly shaped by countervailing factors. While domestic absorption increased at a faster rate over the last two quarters of 2015, exports failed to supply impetus for production. This trend was mainly attributable to the brisk trend for private consumption, while the investment upturn is not yet fully underway. The demand picture is in line with a significant recent improvement in the services industry by comparison with the industrial sectors. However, incoming orders in the industrial sector are generally improving. According to the order capacity index published by the German Bundesbank, the orders position improved towards the end of the year. Industrial firms have currently received more orders than they are able to handle on the basis of their existing capacities. This suggests that industrial activity is also now picking up again and that the past weak phase merely marked a dip in the economic cycle.

Results of Operations

Sales Notes 01, 39

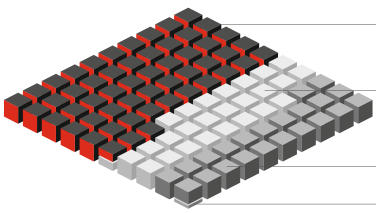
In an uncertain overall economic environment, as outlined above, in the period under review sales amounted to € 324.8 million and rose by 8.7 % (previous year: € 298.9 million). We have thus exceeded our planning targets, which had envisaged sales in a range of between € 295 million and € 315 million. There have not been any changes to the consolidated group, so that this has not resulted in any changes in sales. Adjusted for the 16.5 % average appreciation of the US dollar versus the euro, this sales growth amounts to € 12.6 million or 4.2 %. Our overall operating performance amounted to € 333.5 million (previous year: € 307.8 million).

Sales



Consolidated sales by segment

Figures in € million



		2015	2014
52.4 %	Germany	170.2	154.0
21.8 %	Rest of Europe	70.7	74.2
25.6 %	USA/Rest of the World	83.2	68.4
0.2 %	Holding company	0.7	2.3
100.0 %	Total	**324.8**	298.9

German Business Increases Share of Sales Note 39

In the past year Germany consolidated its role as the Deufol Group's most important sales market. With a sales volume of € 170.2 million (previous year: € 154.0 million) in the past fiscal year, it contributed 52.4 % (previous year: 51.5 %) to Group sales.

The Rest of Europe segment provided 21.8 % (previous year: 24.8 %) of Group sales, with a sales volume of € 70.7 million (previous year: € 74.2 million).

In the USA/Rest of the World segment, sales rose to € 83.2 million (previous year: € 68.4 million). This means that this segment now represents around 25.6 % (previous year: 22.9 %) of Group activities.

Consumer & Data Packaging Accounts for an Increased Share of Sales Note 40

With a share of sales of approx. 52.0 % (previous year: 50.7 %), Export & Industrial Packaging is the Group's most important business segment. Sales realized in Consumer & Data Packaging decreased slightly, from 38.2 % to 37.8 %. The contribution provided by Supplementary Services declined from 10.3 % to 10.0 %.

Operating Costs Ratio Slightly Lower on Balance Notes 02–05

At 47.3 % (previous year: 47.7 %), the ratio of the cost of materials to Deufol's overall operating performance declined. The share accounted for by raw materials, consumables and supplies and purchased merchandise has declined to 24.5 % (previous year: 25.7 %), while the share of purchased services has increased to 22.8 % (previous year: 22.0 %).

At € 103.2 million (previous year: € 95.1 million), in absolute terms personnel costs were higher and amounted to 30.9 % (previous year: likewise 30.9 %) of Deufol's overall operating performance. The absolute increase in personnel costs is attributable to the sales-related growth in the average number of employees. In the past fiscal year, this amounted to 2,641 (previous year: 2,523).

At € 7.4 million, depreciation is € 0.2 million higher than in the previous year.

Total other operating expenses have increased (+ € 4.5 million to € 57.0 million); the expense ratio remains unchanged at 17.1 %.

Overall, the costs ratio has decreased slightly to 97.5 % (previous year: 98.0 %) of Deufol's overall operating performance. This corresponds to an increase in the EBITA margin from 2.0 % to 2.5 %.

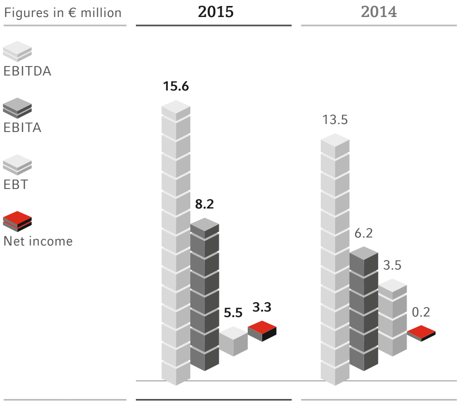
Consolidated sales by services

Figures in € million	2015	2014
Export & Industrial Packaging	168.9	151.5
Share (%)	52.0	50.7
Consumer & Data Packaging	122.6	114.2
Share (%)	37.8	38.2
Supplementary Services	32.6	30.8
Share (%)	10.0	10.3
Holding company	0.7	2.3
Share (%)	0.2	0.8
Total	**324.8**	298.9

Cost development

Figures in € million	2015	2014
Cost of materials	157.7	146.8
as % of overall operating performance	47.3	47.7
Personnel costs	103.2	95.1
as % of overall operating performance	30.9	30.9
Depreciation, amortization and impairment	7.4	7.2
as % of overall operating performance	2.2	2.3
Other operating expenses	57.0	52.5
as % of overall operating performance	17.1	17.1
Total	325.3	301.6
as % of overall operating performance	97.5	98.0

Income Development



Margin development

figures as % of sales	2015	2014
EBITDA margin	4.8	4.4
EBIT(A) margin	2.5	2.0
EBT margin	1.7	1.1
Net income margin	1.1	0.1

Operating Result

Earnings before interest, taxes, depreciation and amortization (EBITDA) were € 15.7 million, compared to € 13.5 million in the previous year. The EBITDA margin was 4.8 % (previous year: 4.4 %). Depreciation of property, plant and equipment was at € 6.5 million slightly lower than in the previous year (€ 6.7 million), while amortization of other intangible assets increased to € 0.9 million (previous year: € 0.5 million).

The operating result before goodwill amortization (EBITA) amounted to € 8.2 million in the reporting period (previous year: € 6.2 million). The EBITA margin amounted to 2.5 % in 2015 (previous year: 2.0 %).

Financial Result Note 06

The financial result remained unchanged, on balance, at € −2.7 million. Financial expenses fell from € 4.2 million to € 3.3 million. Among other factors, the lower expenses are attributable to a significant decrease in expenses resulting from financial liabilities (– € 0.6 million). Financial income declined by € 0.4 million to € 0.5 million. The profit from investments was € 0.1 million (previous year: € 0.6 million).

Net Income Notes 07 – 09

Earnings before taxes (EBT) in the past year were € 5.5 million (previous year: € 3.5 million). Overall tax expenditure in the past fiscal year amounted to € 1.9 million, compared to € 3.0 million in the previous year. Current tax expenditure for taxes on income increased due to higher earnings and amounted to approx. € 2.4 million (previous year: € 1.4 million). The Company recognized income in the amount of € 0.5 million (previous year: expense of € 1.6 million) for deferred taxes.

This means a result for the period of € 3.59 million (previous year: € 0.47 million). The profit share for noncontrolling interests is € 0.29 million (€ 0.24 million).

Earnings attributable to the shareholders of Deufol SE amounted to € 3.30 million in the period under review, compared to € 0.23 million in the same period in the previous year. Earnings per share were € 0.075 in 2015 (previous year: € 0.005).

Financial Position

Financing of the Deufol Group Notes 21, 37

Various financing groups exist within the Deufol Group. In Germany and Europe, as of late 2015 Deufol has a variable-interest syndicated financing arrangement with a volume of € 44 million and a term ending in October 2016. For this financing arrangement, in the past fiscal year the Group commenced negotiations over the extension and expansion of its lines of credit. These negotiations were successfully concluded in January 2016 with the signing of the new agreement. In this respect, improvements were realized in the financial covenants specified in the loan agreement. The Group also expanded its existing financial leeway. The new agreement has a term which expires in October 2019. Further significant financing groups exist in the USA (mainly operating credit line), Belgium (amortizing loan for real estate and plant and equipment) and Italy (mainly operating credit line).

Credit lines of € 47.1 million are available to the Group at various banks (previous year: € 42.8 million). As of December 31, 2015 € 26.4 million (previous year: € 23.7 million) of this had been utilized, subject to variable interest rates. The variable-interest loans shown in the balance sheet are subject to standard market interest rate risks. In fiscal year 2015, the average weighted interest rate for short-term loans was 3.45 % (previous year: 4.04 %). The payable credit margins are partially dependent on achieving certain financial ratios (covenants).

In the opinion of the managing directors, the Deufol Group's financial resources are sufficient to meet payment obligations at any time.

Development of Financial Indebtedness Notes 17, 21

The financial liabilities of the Deufol Group hardly changed in the past fiscal year. They amounted to € 58.2 million (previous year: € 58.8 million) as of the reporting date.

Net financial liabilities – defined as total financial liabilities less financial receivables and cash – increased by € 2.4 million, from € 37.0 million on December 31, 2014 to € 39.4 million at the end of the period under review. This was due to the decrease in cash held (– € 1.7 million) and lower financial receivables (– € 1.3 million). The balance of liabilities to banks and call deposits at banks is – € 37.0 million (previous year: – € 35.7 million).

Financial liabilities

Figures in € million	2015	2014
Amounts due to banks	51.29	51.73
thereof current	11.06	9.62
thereof noncurrent	40.23	42.11
Finance leasing	6.88	6.81
Other	0.06	0.30
Total	58.22	58.84

Lower Volume of Investment Notes 10, 11

In the period under review, at € 6.3 million investments including leased assets were in overall terms slightly lower than in 2014 (€ 6.8 million).

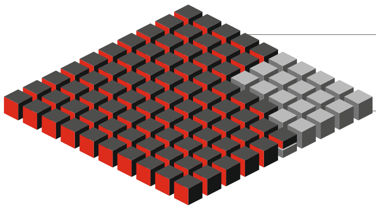
In the past fiscal year, investments in plant, property and equipment were € 5.2 million (previous year: € 5.7 million). The investment ratio – i. e. the ratio of capital expenditure to sales – was 1.6 % in 2015 (previous year: 1.9 %).

Operating and office equipment (€ 2.1 million) is the largest capital expenditure item. This is followed by technical equipment and machinery (€ 1.8 million), land and buildings (€ 0.8 million) and assets under construction (€ 0.5 million). € 1.1 million (previous year: € 1.1 million) was invested in other intangible assets.

Investments by segment

Figures in € million	2015	2014
Germany	4.44	3.66
Rest of Europe	0.95	1.30
USA/Rest of the World	0.09	1.40
Holding company	0.94	0.44
Total	**6.30**	6.80

Investitionen



figures in € million		2015	2014
82.5 %	Property, plant and equipment	5.20	5.70
17.5 %	Intangible assets	1.10	1.10
100.0 %	Total	**6.30**	6.80

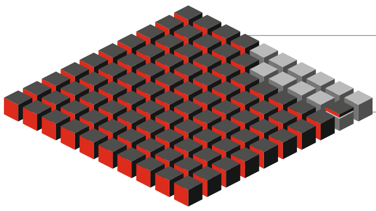
Lower Volume of Depreciation Notes 10, 11

Depreciation of property, plant and equipment and amortization of intangible assets were slightly higher than in the previous year (€ 7.4 million, compared to € 7.2 million). Depreciation of property, plant and equipment was € 6.6 million (previous year € 6.7 million), amortization of other intangible assets € 0.8 million (previous year € 0.5 million).

Depreciation, amortization and impairment by segment

Figures in € million	2015	2014
Germany	3.28	3.06
Rest of Europe	1.81	2.40
USA/Rest of the World	1.62	1.37
Holding company	0.72	0.40
Total	**7.44**	7.23

Depreciation, amortization and impairment



figures in € million		2015	2013
89.2 %	Property, plant and equipment	6.60	6.73
10.8 %	Intangible assets	0.80	0.50
100.0 %	Total	**7.40**	7.23

Cash Flow Notes 26–30

The operating cash flow amounted to € 5.6 million in the period under review and was thus significantly lower than in the previous year (€ 22.2 million). In particular, this reflected the increase in trade receivables (+ € 10.8 million) due to payment terms newly agreed with a major customer.

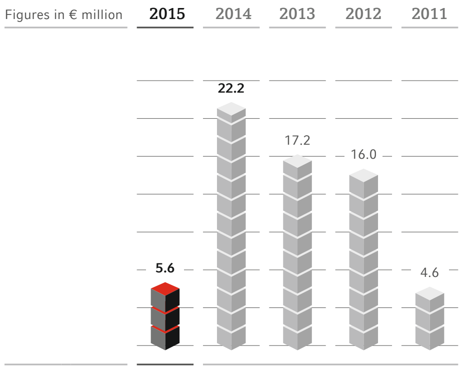
Net cash used in investing activities was – € 2.9 million (previous year: – € 2.3 million). Cash-based fixed assets investments were € 4.7 million. On the other hand, inflows have resulted from the disposal of intangible assets and property, plant and equipment (€ 0.3 million) as well as the settlement of financial receivables (€ 1.3 million). Further proceeds resulted from interest received (€ 0.5 million).

Accordingly, the free cash flow – which is made up of net cash provided by operating activities and net cash used in investing activities – amounted to € 2.7 million (previous year: € 19.9 million).

Net cash used in financing activities was – € 4.3 million (previous year: – € 8.9 million). Financial liabilities decreased in cash terms by a net amount of € 0.9 million.

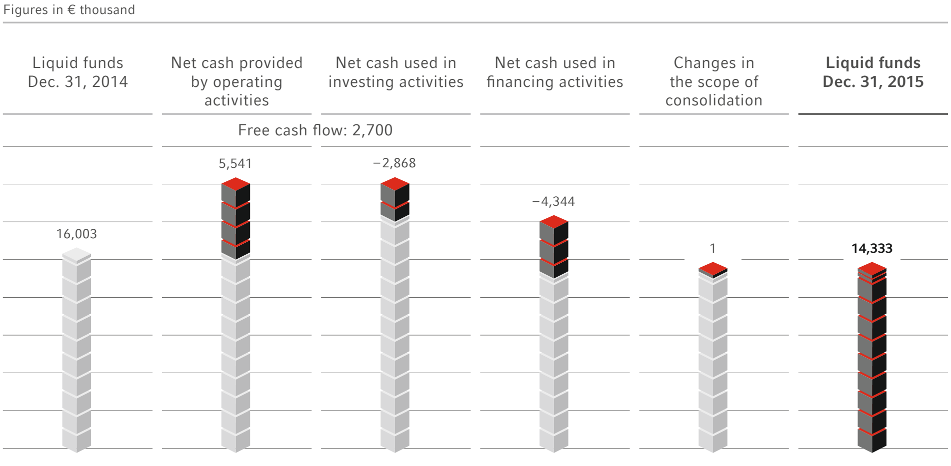
Net cash provided by operating activities

Figures in € million



Change in liquid funds

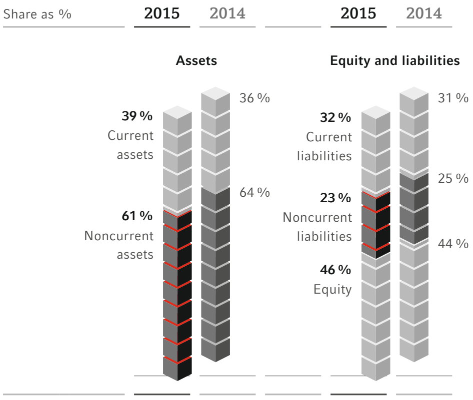
Figures in € thousand



Further outflows of funds resulted from interest paid.

Cash and cash equivalents decreased by € 1.7 million to € 14.3 million as of December 31, 2015.

Balance sheet structure



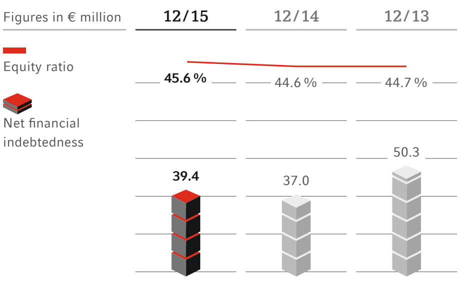
Assets Position

Slight Increase in Balance Sheet Total Notes 10 – 17

In 2015, the balance sheet total of the Deufol Group increased by 2.8 % to € 224.6 million. On the assets side of the balance sheet, the noncurrent assets decreased by 1.4 % from € 138.9 million as of the period-end in the previous year to € 137.0 million as of the reporting date. This fall resulted from the decrease in financial receivables (– € 1.4 million to € 3.1 million) as well as property, plant and equipment (– € 1.1 million to € 45.5 million). The asset depreciation ratio (ratio of accumulated depreciation to historical cost) rose by 2.0 percentage points on the previous year to 67.1 %, while the property, plant and equipment ratio (i.e. the ratio of property, plant and equipment to the balance sheet total) decreased slightly from 21 % to 20 %. Other noncurrent assets changed only slightly.

Current assets increased from € 79.4 million to € 87.5 million. This is mainly due to the increased volume of trade receivables (+ € 10.8 million to € 44.5 million). Cash and cash equivalents fell (– € 1.7 million to € 14.3 million), as did tax receivables (– € 1.1 million to € 0.7 million). Other current assets changed only slightly. Working capital – the difference between current assets and current non-interest-yielding liabilities – increased from € 24.3 million to € 30.5 million.

Net financial indebtedness and equity ratio



Increased Equity Ratio Notes 18 – 25

At the end of fiscal year 2015, the equity of the Deufol Group amounted to € 102.4 million (previous year: € 97.4 million). Since the balance sheet total rose, this caused the equity ratio to increase from 44.6 % to 45.6 %. Equity increased due to the result for the period (€ 3.6 million) and other comprehensive income (+ € 1.5 million).

Noncurrent liabilities declined by € 2.9 million to € 51.2 million. This reflects the decrease in noncurrent financial liabilities (– € 2.8 million to € 44.2 million). The other noncurrent liabilities have changed only slightly.

Current liabilities increased by € 4.0 million to € 71.0 million. Current financial liabilities increased by € 2.2 million to € 14.0 million. Other provisions also increased (+ € 0.9 million to € 2.2 million). Other current liabilities changed only slightly.

Employees

Increase in Number of Employees Note 04

As of the end of 2015, the Deufol Group had 2,657 employees. This represents an increase of 96 employees or 3.7 % on the previous year. As of December 31, 2015, the Group had 1,626 employees in Germany (61.2 %) and 1,031 employees (38.8 %) elsewhere.

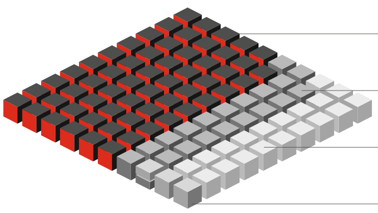
The Group had 182 more employees in Germany. This increase resulted from the replacement of temporary workers and sub-contractors with its own staff at many of its German locations. In the Rest of Europe, Deufol's workforce decreased by 34; this decline was spread out relatively evenly across its various locations. In the USA/Rest of the World, the workforce decreased by 52. The holding's workforce increased by 7 employees to 65.

Personnel costs increased in the reporting period by 8.5 % to € 103.2 million. The personnel cost ratio as a ratio of personnel costs to Deufol's overall operating performance remained unchanged at 30.9 %.

Overview of employees

Deufol Group	2015	2014
Germany	1,626	1,444
Rest of the World	1,031	1,117
Female	643	636
Male	2,014	1,925
Total	**2,657**	2,561
Average	2,641	2,523

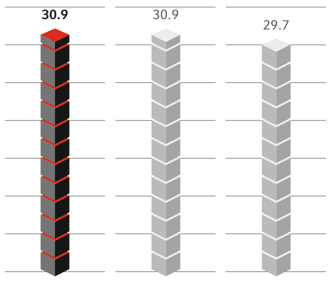
Employees by segment



Deufol Group			2015	2014
	58.8 %	Germany	1,561	1,386
	19.6 %	Rest of Europe	520	554
	19.2 %	USA/Rest of the World	511	563
	2.4 %	Holding company	65	58
	100.0 %	Total	**2,657**	2,561

Personnel expense ratio

Figures in %



Thanks for Commitment

The managing directors would like to thank all the Company's employees for the dedication and flexibility which they displayed in fiscal year 2015.

Development in the Segments

Germany

Figures in € million	2015	2014
Sales	195.6	170.9
Consolidated sales	170.2	154.0
EBITA = EBIT	4.5	2.9
EBITA margin (%)	2.7	1.9
EBT	3.1	0.8

Germany Notes 38 – 40

At € 170.2 million, consolidated sales in Germany in 2015 clearly exceeded sales in the previous year, which amounted to € 154.0 million. This sales improvement is attributable to organic growth; there were no changes in the consolidated group. This growth resulted from new customers and from the expansion of business relationships with existing customers, in North Germany especially.

In the reporting period, the EBITA for this division amounted to € 4.5 million (previous year: € 2.9 million). The EBITA margin declined from 1.9 % in the previous year to 2.7 %. The higher results by comparison with the previous year chiefly reflect sales growth, together with the restructuring measures of the past few years.

Rest of Europe

Figures in € million	2015	2014
Sales	84.3	84.6
Consolidated sales	70.7	74.2
EBITA = EBIT	2.5	1.3
EBITA margin (%)	3.6	1.7
EBT	2.5	1.4

Rest of Europe Notes 38 – 40

In the Rest of Europe, we realized consolidated sales of € 70.7 million, which is clearly lower than in the previous year (€ 74.2 million). As in the previous year, the decline in sales is largely attributable to lower volumes at our locations in Italy. A major customer here has filed for insolvency and ceased trading, while another major customer is currently undergoing restructuring.

The operating result (EBITA) rose in the past year by € 1.2 million to € 2.5 million. Much of this increase is due to pressure in the previous year associated with the above-mentioned insolvency of a major customer in Italy as well as significantly improved results in Slovakia.

USA / Rest of the World

Figures in € million	2015	2014
Sales	83.2	68.7
Consolidated sales	83.2	68.4
EBITA = EBIT	4.8	3.5
EBITA margin (%)	5.8	5.1
EBT	2.5	1.2

USA / Rest of the World Notes 38 – 40

In the USA / Rest of the World segment, at € 83.2 million consolidated sales were significantly higher than in the previous year (€ 68.4 million). This is mainly attributable to the more favorable US dollar exchange rate as well as the higher volume of business in our battery packaging business in the USA. Sales realized from the Company's operations in Charlotte and Suzhou have also increased, but remain in the low single-digit million range.

EBITA in this segment amounted to € 4.8 million, compared to € 3.5 million in the previous year. In the USA, we have been reaping the rewards of our restructuring program for some time now. Following the loss of a major customer in the Data Packaging segment in 2013, the situation stabilized in 2014 and 2015 with a rising sales volume. Our results are thus now indicating a significant improvement.

Our Chinese subsidiary (Deufol Packaging (Suzhou) Co., Ltd.) is also reporting improved earnings; some of our China business has been transferred to our new location in Yantai / China, which we operate together with a strategic partner based in the Netherlands (company accounted for using the equity method).

Overall Summary of Business Performance

Planned Targets Clearly Achieved

With an annual sales volume of approx. € 325 million, we exceeded our sales target and surpassed our envisaged range of between € 295 million and € 315 million.

Our operating result (EBITDA) reached € 15.6 million and was thus at the upper end of our forecast range of between € 14 million and € 16 million. These planning targets were clearly achieved, which was mainly due to the highly positive business trend in Germany and the USA.

At the time of preparing these consolidated financial statements, the Deufol Group's economic position is stable.

The business trend in our key region "Germany" is improving, in line with our planning. In the "Rest of Europe" segment, we envisage a similar level of profitability. We envisage positive long-term results in the USA and balanced results in China / Asia.

Our financial and assets position remains extremely solid.

Group figures

Figures in € million	2015	± (%)
Sales	324.8	15.6
EBITDA	15.6	(8.9)
EBITA	8.2	32.3
Net financial liabilities	39.4	(6.5)

Goal achievement 2015

Figures in € million	Sales	EBITDA
Planning	295 – 315	14 – 16
Actual figures	324.8	15.6

Report on Post-Balance-Sheet Date Events

In Germany and Europe, Deufol has a syndicated financing arrangement with a term ending in October 2016. For this financing arrangement, in the past fiscal year the Group commenced negotiations over the extension and expansion of its lines of credit. These negotiations were successfully concluded in January 2016 with the signing of the new agreement. In this respect, improvements were realized in the financial covenants specified in the loan agreement. The Group also expanded its existing financial leeway. The new agreement has a term which expires in October 2019. No further material events occurred after the balance sheet date for which a reporting obligation is applicable pursuant to IAS 10.

Single-Entity Financial Statements of Deufol SE

Deufol SE: Income Statement

Figures in € thousand	2015	2014
Sales	9,664	8,668
Other operating income	10,082	16,201
Cost of materials	(3,902)	(3,146)
Personnel costs	(5,982)	(5,474)
Depreciation, amortization and impairment	(895)	(554)
Other operating expenses	(10,524)	(14,692)
Financial result	3,956	3,548
Income/loss from ordinary activities	2,399	4,551
Taxes	(589)	(436)
Annual net profit	1,810	4,115

Sales and Results of Operations

In fiscal year 2015 Deufol SE realized sales of € 9,664 thousand (previous year: € 8,668 thousand) and other operating income of € 10,082 thousand (previous year: € 16,201 thousand).

These sales mainly resulted from amounts billed to affiliated companies for purchasing and other services provided and from rents. Outside Germany, sales amounted to € 1,500 thousand (previous year: € 1,540 thousand).

Other operating income mainly consists of license income from brand name rights in the amount of € 3,094 thousand (previous year: € 2,872 thousand), income from passed-on expenses in the amount of € 2,861 thousand (previous year: € 3,415 thousand), bonuses associated with central material purchasing in the amount of € 679 thousand (previous year: € 670 thousand), income from exchange-rate differences in the amount of € 1,303 thousand (previous year: € 1,026 thousand), gains from the disposal of fixed assets in the amount of € 20 thousand (previous year: € 5 thousand) and reversals of impairment losses on financial assets of € 0 thousand (previous year: € 7,615 thousand).

The cost of materials in the amount of € 3,902 thousand (previous year: € 3,146 thousand) is due to central goods purchasing and is passed on in the same amount.

Other operating expenses (€ 10,524 thousand, compared to € 14,692 thousand in the previous year) mainly comprise legal fees and consulting expenses in the amount of € 1,399 thousand (previous year: € 1,251 thousand), bad debt charges/closing-out of receivables in the amount of € 1,866 thousand (previous year: € 5,938 thousand), exchange losses in the amount of € 220 thousand (previous year: € 3 thousand), external services in the amount of € 854 thousand (previous year: € 1,010 thousand), travel and vehicle expenses in the amount of € 667 thousand (previous year: € 647 thousand), space costs in the amount of € 143 thousand (previous year: € 151 thousand), advertising costs in the amount of € 166 thousand (previous year: € 122 thousand) and passed-on expenses in the amount of € 2,899 thousand (previous year: € 3,402 thousand). Expenses unrelated to the accounting period amounted to € 65 thousand (previous year: € 296 thousand).

The financial result increased from € 3,548 thousand to € 3,956 thousand in the past year. Net interest income declined from + € 1,547 thousand to + € 1,190 thousand, while net income from investments (including income from profit transfer agreements) decreased from € 4,552 thousand to € 3,224 thousand. This was mainly due to lower income from investments in the amount of € 0 thousand (previous year: € 1,218 thousand). Income from profit transfer agreements decreased slightly to € 3,224 thousand (previous year: € 3,334 thousand). Amortization recognized on financial assets in fiscal year 2015 totaled € 458 thousand (previous year: € 2,551 thousand). Income from ordinary activities amounted to € 2,399 thousand (previous year: € 4,551 thousand). The net profit for the year under review amounted to € 1,810 thousand (previous year: € 4,115 thousand).

Assets and Financial Position

In the year under review, the balance sheet total of Deufol SE remained almost unchanged at € 160.4 million (previous year: € 160.5 million). Fixed assets amount to € 114.0 million and are virtually unchanged on the previous year. At € 46.4 million, current assets including accrued and deferred items likewise almost match the previous year's figure. Depreciation on property, plant and equipment and amortization on intangible assets amounted to € 895 thousand (previous year: € 544 thousand), amortization on financial assets to € 458 thousand (previous year: € 2,551 thousand). Investments in property, plant and equipment and intangible assets amounted to € 1,078 thousand (previous year: € 363 thousand). Investments in financial assets amounted to € 183 thousand (previous year: € 2,429 thousand).

On the liabilities side, equity was affected by the net profit for the year (+ € 1.8 million) and increased from € 94.9 million to € 96.7 million. Despite the increased balance sheet total, on December 31, 2015 the equity ratio had increased slightly to 60.3 %. Provisions increased to € 2.2 million (previous year: € 1.6 million). Liabilities declined from € 64.0 million to € 61.5 million – mainly due to decreased liabilities to banks.

Deufol SE: Balance Sheet

Figures in € thousand	2015	2014
Fixed assets	114,022	114,135
thereof financial assets	104,868	105,050
Current assets and accrued and deferred items	46,411	46,408
Balance sheet total	**160,433**	160,543
Equity	96,744	94,934
Provisions	2,154	1,562
Liabilities	61,535	65,609
thereof amounts due to banks	33,276	36,357
Balance sheet total	**160,433**	160,543

The following cash flow statement shows the financial position of Deufol SE:

Cash flow statement of Deufol SE

Figures in € thousand	2015	2014
Annual net profit	1,810	4,115
Depreciation/(appreciation)	895	554
(Gain) loss from disposal of property, plant and equipment	(20)	(5)
Other non-cash expenses/(revenue)	(93)	(2,706)
Increase (decrease) in provisions	592	340
Net changes in working capital	1,458	8,425
Net cash provided by operating activities	**4,642**	10,723
Purchase of intangible assets and property, plant and equipment	(1,078)	(364)
Purchase of financial assets	(183)	(2,429)
Proceeds from the sale of property, plant and equipment	134	5
Proceeds from the sale of financial assets	0	13
Net cash used in investing activities	**(1,127)**	(2,775)
Proceeds from borrowings	0	2,000
Repayment of borrowings	(3,082)	(4,512)
Non-cash valuation adjustments on financial assets	458	2,551
Net cash used in financing activities	**(2,624)**	39
Change in cash	891	7,987
Cash at the beginning of the period	8,459	472
Cash at the end of the period	9,350	8,459

Risk Report

Risk Policy

The role of Deufol SE is to act as a management holding company for subsidiaries which provide services in Germany and elsewhere, focusing on packaging. As part of its holding tasks, Deufol SE provides the resources required for risk management and monitors implementation of risk-policy and risk-management procedures on an ongoing basis. Corporate management and control, corporate governance, the by-laws and the risk policy are coordinated within the Deufol Group.

Exposure to risks is unavoidable in our efforts to achieve long-term success by taking advantage of opportunities in our services divisions and regions in an environment of constantly changing requirements and challenges. These are carefully examined and assessed on the basis of a risk/opportunity calculation. Our corporate and business strategy is to concentrate operational activities and the risks associated with them within separate legal entities in order to insulate the rest of the Group from possible negative influences.

The core risks are monitored on an ongoing basis and suitable measures are implemented to reduce them. The core risks comprise, in particular, risks associated with the Company's current and future business situation. Risks include potential losses of customers due to the relocation of packaging-related production locations or insufficiently rigorous development of market leadership in core business fields. Noncore and residual risks are accepted provided they can be specifically identified and mapped. Noncore risks are externalized (force majeure, liability to third parties for loss or damage, etc.). In particular, corporate governance guidelines (incl. the Deufol SE by-laws) and the active monitoring of subsidiaries as the parent company ensure that the deliberate acceptance of risks proceeds in a transparent and controlled fashion.

The managing directors of Deufol SE consider a highly-developed awareness of risk in all business divisions to be indispensable for the success of its risk policy. Awareness of existing and potential risks is an important element of business management. Due to the various risk areas and the different ways in which risks are applicable within the individual subsidiaries, this increased awareness is vital for successful implementation of risk policy.

All activities of subsidiary companies are supported by an integrated risk management system without exception. The purpose of risk management activities is firstly to ensure that statutory requirements are complied with, and secondly to promote value-oriented management of individual subsidiaries and thus of the Deufol Group as a whole.

Risk Controlling

Risks are identified by division managers or managing directors on the basis of the following ten risk categories: strategy/planning, market/sales, procurement, service provision, finance, personnel, IT, contracts/legal, communication and other.

The responsible managers document the risks identified in "risk maps" on a quarterly basis. Aggregation is subsequently implemented at Group level and the managing directors receive a report.

Risk measurement is standardized throughout the Group. Risks identified in risk maps are assessed by the companies' local or site managers in terms of probability of occurrence and amount of potential loss, in the context of the gross risk level. Individual risks are assigned quantitative values requiring response upon reaching specific thresholds. The net risk level is subsequently evaluated following implementation of the measures.

Measures taken to control identified risks are subject to regular on-site monitoring as to their effectiveness. The managing directors additionally supervise risk identification procedures conducted by individual subsidiaries in the course of regular visits.

Specific Risks

Environment Risks

For 2016, we continue to expect a moderate economic trend. According to the Institute for the World Economy, on the whole the global economic trend has recently deteriorated. The world economic outlook for 2016 is subject to considerable uncertainty. The reasons for this trend include the lower oil price, the significant decline in China's growth momentum and also monetary policy which remains extremely expansionary.

The world economy will remain prone to disruptions in 2016. The decline in the price of oil mainly reflects demand. The purchasing power gain realized by oil-importing countries such as Germany is thus likely to be more or less eaten up by poorer sales prospects on world markets, particularly in the case of the mechanical and plant engineering sector. In the context of the southern European economies which are only slowly gaining momentum, our Italian market especially faces a challenging economic environment. In the event of these risks being realized, negative demand effects may result in key markets for our Group such as our export-oriented mechanical and plant engineering business, which might then affect our business further down the line.

Acquisition and Investment Risks

Acquisition and investment decisions intrinsically involve complex risks, since they tie up substantial capital on a long-term basis. Such decisions can only be made on the basis of specific, predefined terms governing responsibilities and approval requirements.

Performance-Related Risks

Sales and earnings of the subsidiaries are largely dependent on a relatively small number of business relationships with larger customers. Customers come from different industries (e. g. following its sale of Duracell Procter & Gamble represents the consumer goods sector, VW the automotive industry and Siemens plant engineering), creating a certain risk diversification effect in addition to the fact that different, unrelated services are provided for one and the same customer.

A primary objective of the Deufol Group is to promote customer loyalty, for example, through joint process and efficiency improvement projects etc. with our customers as well as a strong customer focus and a high level of flexibility. The acquisition of smaller customers is also important in order to broaden our customer base.

The structuring of contracts with customers also poses certain risks, e. g. if contracts restrict our ability to react to quantitative or qualitative changes affecting our business. At the same time, price adjustment clauses are not always adequate for promptly passing on unexpected procurement price increases for raw materials (e. g. wood) to customers. Regular reviews are implemented to ensure early recognition of negative trends for the Company or for individual subsidiaries, for prompt identification of impending declines in sales and cost trends and to enable an appropriate response.

Personnel Risks

A major part of the business success of the Deufol Group rests upon the skills and qualifications of its employees and the motivation of the managerial staff of our corporate subsidiaries. For this reason, employees undergo regular training in order to ensure that the quality of the services provided meets customer requirements. Employees at all levels of the Company are being progressively sensitized to risk issues to ensure compliance with risk policy. Senior management remuneration packages have been systematically restructured to emphasize variable, performance-related components such as bonuses as an incentive for reaching targets.

External contractors are utilized in some cases. This allows the Company to manage phases of increased / reduced business activity without the need for any layoffs affecting its trained workforce.

Our subsidiaries are now run by managers with close ties to Deufol and an entrepreneurial attitude. The risk of loss of know-how through the departure of key personnel is limited through documentation of relevant know-how and its possession by multiple persons by virtue of the decision-making process structure.

IT Risks

In principle, possible IT risks may result from the failure of networks or the falsification or destruction of data through operating or programming errors. However, the IT infrastructure of the Deufol Group is in line with the Group's decentralized structure. There are therefore only isolated IT risks in the individual units and there are no Group-wide risks. The individual companies have extensive protection measures such as virus-protection concepts, firewalls and emergency and recovery plans as well as additional external back-up solutions in accordance with specific requirements. A redundant server system has been established, thus halving the probability of data losses due to outages.

Financial Risks

Various financing groups exist within the Deufol Group which are largely independent of one another. In Europe, the Group's syndicated financing arrangement was optimized during the past fiscal year and extended until October 2019. In this respect, improvements were realized in the financial covenants specified in the loan agreement. The Group also expanded its existing financial leeway and improved its financing terms. The Group's other significant financing group is in the USA, where it also has a bank financing arrangement.

Within the Group, credit agreements are mainly tied to compliance with financial ratios ("covenants"). A violation of the covenants provides the banks with a right to terminate an agreement but does not automatically trigger a repayment obligation. In addition, the agreed credit margin and thus the Group's financing costs may be increased in case of a deterioration in the ratios.

Interest-rate fluctuation risks apply due to the fact that the Group has arranged almost all of its financing on the basis of variable interest rates. The Deufol Group has not currently concluded any interest-rate hedging transactions to hedge interest rate risks.

The risks resulting from exchange-rate fluctuations only apply within the scope of consolidation as a result of the conversion of the annual financial statements of companies outside the euro currency zone. Exchange rates have only a marginal effect on operating business. In the single-entity financial statements, currency risks exclusively apply for transactions with subsidiaries outside the euro currency zone.

Please see the “Financial Risk Management” section (Note 37 on page ▶075 ff.) for further information on financial risks.

The Group has recognized goodwill in consequence of its expansion strategy. Impairment testing pursuant to IAS 36 may necessitate goodwill amortization/impairment. The impairment testing implemented in 2015 did not identify any amortization/impairment requirement.

Legal Risks

The Deufol Group is exposed to general legal risks resulting from its business activities and from tax affairs. It is not possible to state with any certainty the outcome of currently pending or future proceedings, so that expenses may result due to judicial or official rulings or settlements such as are not covered or are not fully covered by insurance benefits and which may significantly affect our business operations and earnings.

Please see the “Contingencies and Contingent Liabilities” section (Note 31 on p. ▶074) for further information on legal risks.

Overall Group Risk Position

In summary, as in the previous year no operational or financial risks are currently identifiable which potentially jeopardize the continued existence of the Group as a going concern. The Group structure entailing a wide range of services offered in a variety of sectors and regions under a management holding company has proven effective from a risk standpoint. Operating risks for individual subsidiaries are covered through appropriate insurance protection as far as possible. The risk management system is being continually upgraded and enhanced to allow risks to be identified at an early stage and appropriate countermeasures to be taken.

Report on Dependence

Since there is no control agreement with the majority shareholder, pursuant to section 312 of the German Stock Corporation Act the managing directors of Deufol SE were obliged to prepare a report on Deufol SE's relationships with associates. This report covers the relationships with Lion's Place GmbH and its majority shareholders, the Hübner family, as well as the companies of the Deufol Group. The managing directors declare pursuant to section 312 (3) of the German Stock Corporation Act: "With regard to the legal transactions listed in the report on Deufol SE's relationships with associates, for each such transaction our Company has received an appropriate consideration in accordance with the known circumstances at the time of its execution. No disadvantageous events for the Company occurred during the fiscal year such as are subject to a reporting obligation."

Report on Opportunities and Expected Developments

Planned Orientation and Strategic Opportunities for the Group

The Deufol Group will maintain its structure as a management holding company for risk limitation purposes. In this way we will also preserve our on-site flexibility and will be able to better satisfy the different requirements of various markets and regions.

In the past year, we successfully implemented further steps to improve its operational effectiveness and to strengthen its corporate culture. For example, this includes improved integration of our locations, with targeted tools and an increased exchange of information. At the same time, we pursue the ongoing development of our innovative Deufol applications. These applications offer our customers transparency as well as added value for their value chains. This enables us to differentiate ourselves from competitors in the export and industrial packaging sector.

In particular, among the strategic opportunities which this offers for a corporate group is that we are able to exploit the advantages of our size as a significant market player. As a global premium service provider in the field of packaging and related services, we offer our clients who operate worldwide holistic solutions that support their strategies. We are constantly expanding our business divisions to include additional services to complement packaging, as well as proprietary software solutions which transform the packaging process into an intelligent package of services. We offer our customers sustainable, innovative and comprehensive services, with a top level of quality, thus meeting their ever more stringent requirements. At the same time, we are consolidating our position as our customers increasingly focus on just a few core service providers.

Our outstanding qualities as a packaging services provider include our international presence. Many of our clients have a "global footprint", which means that it is essential for us to develop and provide our services with our customary standard of quality, at an international level.

Economic Outline Conditions

Subdued Outlook for the World Economy

According to the Kiel Institute for the World Economy, global output growth in 2016 will at 2.9 % be slightly weaker than in the previous year. For 2017, it predicts growth of 3.5 %.

In the view of the Kiel Institute, momentum will gradually pick up in the advanced economies (albeit at a moderate level) due to strong income growth as well as monetary policy which remains highly expansionary.

In the emerging markets, the economic challenges are in many cases not merely cyclical but also structural in nature. Here, the currently very weak and in some cases even recessionary trend should improve during the forecast period, but over the longer term production growth will remain weak.

Recovery in the Eurozone Subject to Uncertainties for the Time Being

The Eurozone's moderate recovery has recently slowed slightly. Several sentiment indicators have clouded over due to dampening effects resulting from the global economic environment and a significant rise in political uncertainty. The positive factors nonetheless remain intact. Domestic absorption has recently registered robust growth levels, and the labor market has continued to recover. The slight slowdown registered at the start of the year is therefore likely to be merely temporary in nature. The economy will remain buoyed by low interest rates as well as the euro's external value which remains relatively low. Moreover, financial policy will once again be increasingly expansionary, following the noticeable decline in consolidation efforts.

All in all, according to the Institute for the World Economy's forecast the economy is gradually gaining impetus. The Institute expects that the Eurozone's gross domestic product growth will amount to 1.5 % in 2016. Next year, the volume of economic activity will grow by 1.9 %.

Germany: Uncertainly Will Only Briefly Depress Growth Factors

The German economy is providing robust in a difficult international environment. Exports will weaken due to initially moderate growth in key markets. Nonetheless, the pace of growth is likely to pick up further by comparison with 2015. Private consumption will increase due to the sustained upward trend on the labor market, buoyed by the favorable development of income levels. The low oil prices and government transfers will provide further momentum. However, investments will also get back on an even keel and serve as the second pillar of the upturn. Construction investments, in particular, are likely to achieve significantly stronger growth than in the previous year, which is likely associated with the extremely favorable outline conditions. The economy will thus mainly be supported by buoyant domestic factors.

For 2016 as a whole, the Kiel Institute expects to see gross domestic product growth of 2.0 %, compared to 1.8 % in 2015. At 0.1 %, inflation should be lower than in the previous year.

In 2017 the pace of the upswing will once again increase. As well as domestic growth factors, a monetary environment which will remain extremely stimulating will also contribute to this upward trend. Over the course of the year, on average Germany's gross domestic product should be 2.2 % higher than in 2016.

Company-Specific Outlook

Predicted Sales and Results of Operations

For fiscal year 2016, the Deufol Group plans sales of between € 320 million and € 335 million. Its operating result (EBITDA) will be between € 14.5 and 16.5 million.

Sales should increase slightly in Germany and the Rest of Europe but fall slightly short of the level realized in the previous year in the USA / Rest of the World.

With regard to our results forecast, for our core business in Germany we expect positive results which are similar to those in 2015. This is attributable to the productivity-boosting measures implemented in previous years. For the Rest of Europe we envisage a slight increase in earnings. In the USA / Rest of the World segment, we expect results similar to those in the previous reporting period.

Expected Financial Position

At present, current business activities do not on balance require additional external financing. Our financial resources secure our existing liquidity requirements. In the context of the syndicated financing arrangement which is due to expire in the autumn of 2016, in the past fiscal year we initiated discussions over the extension and optimization of our financial structure. These discussions were successfully completed in January 2016. The new syndicate agreement expands our line of credit while offering improved terms. Nonetheless, if our business performance matches our forecasts we expect to see a decrease in our net financial indebtedness in the current fiscal year.

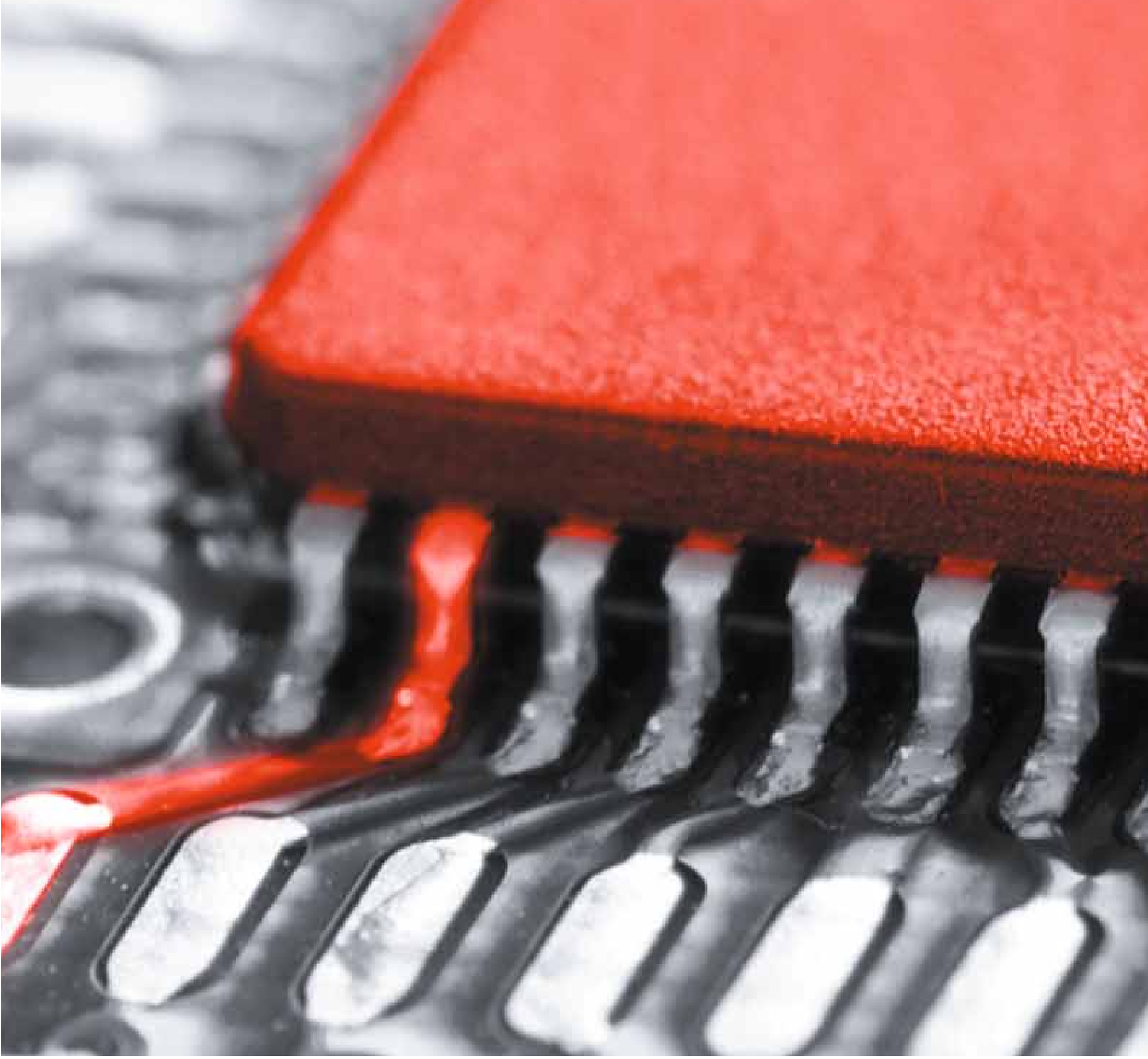
In the current year, investments in property, plant and equipment are planned with a volume of € 7.0 million; this corresponds to an investment ratio (investments in relation to sales) of approx. 2.1 %. The planned investments are thus slightly higher than those in fiscal year 2015 (€ 6.4 million).

In case of acquisitions and in the event of operating growth beyond our budgeted level, it may be necessary to borrow additional external funds.

Managing Directors’ Overall Summary of the Group’s Expected Development

In the next few years, the Deufol Group will continue to develop its profile as a packaging services provider. This is also compatible with our clear brand profile among new and existing customers. Our broad customer base and many years of business relationships, our specific know-how and our financial resources enable us to maintain a confident outlook regarding the Group’s further development. This means that we expect a positive trend for the Group over the next few years.

IT SOLUTIONS. MADE BY DEUFOL.
THE DEUFOL DATA CONNECT SYSTEM.
IT SOLUTIONS TO OPTIMIZE YOUR SUPPLY CHAIN.



039 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

as of December 31, 2015

Consolidated Income Statement

Figures in € thousand	2015	2014	Note/Page
Sales	**324,835**	**298,871**	01/057
Other own work capitalized	982	504	
Inventory changes	137	604	
Other operating income	7,545	7,809	02/057
Overall operating performance	**333,499**	**307,788**	
Cost of materials	(157,743)	(146,766)	03/058
Personnel costs	(103,189)	(95,087)	04/058
Depreciation, amortization and impairment	(7,435)	(7,225)	10/062
Other operating expenses	(56,966)	(52,482)	05/058
Profit (loss) from operations (EBIT)	**8,166**	**6,228**	
Financial income	494	878	06/059
Finance costs	(3,302)	(4,190)	06/059
Income (loss) from investments accounted for using the equity method	136	584	06/059
Profit (loss) before taxes (EBT)	**5,494**	**3,500**	
Income taxes	(1,902)	(3,032)	07/059
Result for the period	**3,592**	**468**	
thereof share of profits held by noncontrolling interests	293	240	08/061
thereof share of profits held by shareholders in the parent company	**3,299**	**228**	

Earnings per share

in €			
Basic and diluted earnings per share, based on the income (loss) attributable to common shareholders of Deufol SE	0.075	0.005	09/061

Consolidated Statement of Comprehensive Income

Figures in € thousand	2015	2014	Note/Page
Result for the period	**3,592**	**468**	
Other comprehensive income	**1,503**	**1,645**	
Items which may be reclassified to the income statement in future			
Income (loss) from currency translation, after taxes	1,484	1,759	
Profits (losses) from cash flow hedges, after taxes	0	17	
Items which will not be reclassified to the income statement in future			
Actuarial gains/losses (–) from pensions, after taxes	19	(131)	22/070
Comprehensive income after taxes	**5,095**	**2,113**	
thereof noncontrolling interests	293	240	
thereof shareholders in the parent company	4,802	1,873	

Consolidated Balance Sheet

Assets

Figures in € thousand	Dec. 31, 2015	Dec. 31, 2014	Note/Page
Noncurrent assets	**137,072**	**138,917**	
Property, plant and equipment	45,471	46,581	10/062
Investment property	161	217	10/062
Goodwill	68,677	68,673	11/062
Other intangible assets	4,371	4,123	11/062
Investments accounted for using the equity method	3,939	3,715	12/063
Financial receivables	3,084	4,512	13/066
Other financial assets	59	59	
Other receivables and other assets	2,405	2,815	14/066
Deferred tax assets	8,905	8,222	07/059
Current assets	**87,537**	**79,434**	
Inventories	12,573	12,351	15/067
Trade receivables	44,537	33,781	16/067
Other receivables and other assets	13,920	14,113	14/066
Tax receivables	729	1,828	
Financial receivables	1,445	1,358	13/066
Cash and cash equivalents	14,333	16,003	17/068
Total assets	**224,609**	**218,351**	

Equity and liabilities

Figures in € thousand	Dec. 31, 2015	Dec. 31, 2014	Note/Page
Equity	**102,394**	**97,348**	
Equity attributable to the shareholders of Deufol SE	101,860	97,058	
Subscribed capital	43,774	43,774	18/068
Capital reserves	107,240	107,240	19/068
Profit brought forward	(50,404)	(53,722)	
Other comprehensive income	1,250	(234)	
Noncontrolling equity interests	534	290	20/068
Noncurrent liabilities	**51,179**	**54,056**	
Financial liabilities	44,182	47,033	21/069
Provisions for pensions	4,763	4,531	22/070
Other liabilities	1,413	1,657	24/072
Deferred tax liabilities	821	835	07/059
Current liabilities	**71,036**	**66,947**	
Trade payables	37,178	36,316	25/072
Financial liabilities	14,042	11,807	21/069
Other liabilities	15,775	15,862	24/072
Tax liabilities	1,853	1,629	
Other provisions	2,188	1,333	23/071
Total equity and liabilities	**224,609**	**218,351**	

Consolidated Cash Flow Statement

Figures in € thousand	2015	2014	Note/Page
Income (loss) from operations (EBIT) from continuing operations	8,166	6,228	
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation, amortization and impairment	7,435	7,225	10, 11/062
(Gain) loss from disposal of fixed assets	(12)	(35)	02, 05/057, 058
(Gain) loss from disposal of investments	0	(103)	
Taxes paid	(1,073)	(1,778)	
Changes in assets and liabilities from operating activities			
Decrease (increase) in trade accounts receivable	(10,756)	(476)	
Decrease (increase) in inventories	(222)	38	
Decrease (increase) in other receivables and other assets	603	730	
Increase (decrease) in trade accounts payable	862	8,616	
Increase (decrease) in other liabilities	32	1,743	
Increase (decrease) in provisions	677	290	
Decrease (increase) in other operating assets/liabilities	(171)	(235)	
Net cash provided by operating activities	**5,541**	**22,243**	26/073
Purchase of intangible assets and property, plant and equipment	(4,793)	(6,514)	
Proceeds from the sale of intangible assets and property, plant and equipment	265	1,674	
Payments made for the acquisition of noncontrolling interests	(175)	(13)	
Proceeds from the sale of subsidiaries	0	3	27/073
Net change in financial receivables	1,341	1,634	
Interest received	494	878	
Net cash used in investing activities	**(2,868)**	**(2,338)**	28/073
Addition (extinction) of amounts due to banks	(444)	(2,539)	
Addition (extinction) of other financial liabilities	(473)	(1,916)	
Interest paid	(3,378)	(4,293)	
Dividend paid to noncontrolling interests	(49)	(129)	
Net cash used in financing activities	**(4,344)**	**(8,877)**	29/073
Exchange rate- and scope of consolidation-related changes in financial resources	1	(4)	
Change in cash and cash equivalents	**1,670**	**11,024**	30/073
Cash and cash equivalents at the beginning of the period	16,003	4,979	
Cash and cash equivalents at the end of the period	14,333	16,003	

Consolidated Statement of Changes in Equity*

Figures in € thousand	Subscribed capital	Capital reserves	Profit brought forward	Accumulated other comprehensive income: Cumulative translation adjustment	Accumulated other comprehensive income: Reserve for cash flow hedges	Equity attributable to the shareholders of Deufol SE	Noncontrolling equity interests	**Total equity**
Balance at Jan. 1, 2014	**43,774**	**107,240**	**(54,819)**	**(1,993)**	**(17)**	**95,185**	**353**	**95,538**
Result for the period	—	—	228	—	—	228	240	468
Other comprehensive income	—	—	(186)	1,759	24	1,597	—	1,597
Deferred taxes for valuation changes recognized directly in equity	—	—	55	—	(7)	48	—	48
Comprehensive income	**—**	**—**	**97**	**1,759**	**17**	**1,873**	**240**	**2,113**
Dividends	—	—	—	—	—	—	(129)	(129)
Changes to scope of consolidation	—	—	—	—	—	—	(174)	(174)
Balance at Dec. 31, 2014	**43,774**	**107,240**	**(53,722)**	**(234)**	**(0)**	**97,058**	**290**	**97,348**
Result for the period	—	—	3,299	—	—	3,299	293	3,592
Other comprehensive income	—	—	18	1,484	—	1,502	—	1,502
Deferred taxes for valuation changes recognized directly in equity	—	—	1	—	—	1	—	1
Comprehensive income	**—**	**—**	**3,318**	**1,484**	**—**	**4,802**	**293**	**5,095**
Dividends	—	—	—	—	—	—	(49)	(49)
Changes to scope of consolidation	—	—	—	—	—	—	—	—
Balance at Dec. 31, 2015	**43,774**	**107,240**	**(50,404)**	**(1,250)**	**0**	**101,860**	**534**	**102,394**

* cf. Notes (18) to (20)

Notes to the Consolidated Financial Statements

For the Fiscal Year from January 1, 2015 to December 31, 2015

General Information

Deufol SE is domiciled in Hofheim am Taunus and has been entered in the Frankfurt am Main commercial register under the number HRB 95470.

Deufol is a global premium service provider in the field of packaging and supplementary services.

Please see the disclosures in the segment reporting for further details.

The address of the Company's registered office is Johannes-Gutenberg-Strasse 3–5, 65719 Hofheim, Germany. Since late November 2015, the Company's shares have no longer been traded in the Entry Standard, a segment of the open market on the Frankfurt Stock Exchange (delisting). Lion's Place GmbH is the parent company which prepares the consolidated balance sheet for the largest group of companies.

The Company's managing directors approved the IFRS consolidated financial statements on April 22, 2016 so that they could then be forwarded to the Administrative Board.

Basis of Preparation

Deufol SE prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as mandatorily applicable in the European Union. In addition, the provisions of section 315 a (3) of the German Commercial Code (HGB) are complied with and applied in the preparation of the consolidated financial statements. All IFRS (IFRS, IASs, IFRICs, SICs) as adopted by the European Union and mandatorily applicable as of the balance sheet date were applied. In principle, the consolidated financial statements are prepared using the historical cost concept. This excludes derivative financial instruments and financial assets available for sale, which are measured at fair value.

Consolidation

All subsidiaries over which Deufol SE has legal or practical control are included in the consolidated financial statements. In addition to Deufol SE, the consolidated financial statements include 19 (previous year: 19) fully consolidated subsidiaries in Germany and 15 (previous year: 14) in other countries (hereinafter referred to as the "Deufol Group" or the "Group").

Joint ventures are included in the consolidated financial statements using the equity method in accordance with IFRS 11 in combination with IAS 28. Other significant equity investments are accounted for using the equity method if the Deufol Group does not hold a controlling interest, but is able to exert a significant influence on the operating and financial policies of the investee. This is always the case if it holds between 20 % and 50 % of the voting rights ("associates").

On acquisition of an equity investment accounted for using the equity method, the difference between cost and proportionate equity is initially allocated to the assets and liabilities of this investment by making certain adjustments to the fair values. Any remaining excess of cost of acquisition over net assets acquired is recognized as goodwill, and is not amortized.

If the recoverable amount of an investment in an associate (the higher of its value in use and its fair value less costs to sell) falls below the carrying amount this will lead to a corresponding impairment. The impairment loss will be recognized in the income statement.

The annual financial statements of consolidated companies are prepared as of the reporting date of the consolidated financial statements.

Acquisition accounting is performed in accordance with the purchase method, whereby the cost of the acquired interests is eliminated against the parent's share of the revalued equity at the date of acquisition. Any resulting difference is allocated to the corresponding assets and liabilities of the subsidiary insofar as it is due to hidden reserves or hidden liabilities. Any remaining excess of cost of acquisition over net assets acquired is recognized as goodwill. In accordance with IFRS 3 (Business Combinations) in combination with IAS 36 (Impairment of Assets), goodwill is not amortized over the expected useful life, but instead tested at least annually to establish whether there is any need to recognize impairment losses.

Noncontrolling interests represent the share of net profit/loss and net assets that is not attributable to the Group. They are reported separately in the consolidated income statement and the consolidated balance sheet. They are reported on the face of the consolidated balance sheet as a separate component of equity from the equity attributable to the shareholders of the parent company.

Intercompany receivables and liabilities, revenue, expenses, income and profits are eliminated as part of consolidation.

Currency Translation

The consolidated financial statements are prepared in euros, the functional and presentation currency of the Deufol Group. Unless indicated otherwise, all amounts are given in thousands of euros.

Each company within the Deufol Group determines its own functional currency. The annual financial statements of the foreign subsidiaries included in the consolidated financial statements whose functional currency is not the euro were converted into the Group currency (euro) on the balance sheet cut-off date pursuant to IAS 21 in accordance with the functional currency concept. Financial statements are translated using the modified closing rate method, i. e. balance sheets are translated from the functional currency to the reporting currency at the middle rate on the balance sheet date, while income statements are translated at the average rates for the year. Equity is translated at historical rates.

Differences resulting from the translation of assets and liabilities compared with the translation of the previous year and translation differences between the income statement and the balance sheet are taken directly to equity and are reported under “Other recognized income and expense”. When a foreign operation is disposed of, the cumulative amount recognized in equity for this foreign operation is reversed to the income statement.

Foreign-currency transactions are translated at the spot rate of the foreign currency to the functional currency prevailing at the transaction date. Foreign-currency monetary assets and liabilities are translated at the rate on the balance sheet date. The resulting foreign exchange differences are recognized in profit or loss for the period, with the exception of foreign exchange differences resulting from foreign-currency loans insofar as the loans are used to hedge a net investment in a foreign operation. These are recognized directly in equity until the net investment is disposed of and only recognized in profit or loss on the date of disposal.

The exchange rates for the translation of key currencies that are not part of the European Monetary Union changed as follows:

Foreign currency	Middle rate as of the balance sheet date		Average rate for the year	
per €	2015	2014	2015	2014
US dollar	1.0887	1.2141	1.1096	1.3285
Renminbi	7.0608	7.5358	6.9730	8.1857
Singapore dollar	1.5417	1.6058	1.5251	1.6823
Czech crown	27.023	27.7350	27.285	27.5360

Sales Recognition

Sales are primarily generated from services, products and rental agreements. Sales resulting from the provision of services and from third-party use of assets of the Company will only be recognized where it is sufficiently probable that the economic benefits associated with the transaction will flow to Deufol and the amount of income can be measured reliably. Sales resulting from selling of goods will be recognized where the key risks and opportunities associated with ownership of the sold merchandise and products have been transferred to the purchaser, Deufol does not retain any right or power of disposal for the sold merchandise and products, the amount of sales can be measured reliably, it is sufficiently probable that the economic benefits associated with the transaction will flow to Deufol and the costs resulting in connection with the sale can be measured reliably. Sales are recognized net of purchase price reductions such as cash and sales discounts and rebates.

Earnings per Share

Earnings per share (EPS) are calculated in accordance with IAS 33. Basic earnings per share are calculated by dividing the net profit/loss for the period attributable to the holders of common shares of the parent company by the weighted average number of common shares in circulation. Shares newly issued or repurchased during a period are included pro rata for the time they are in circulation. Diluted earnings per share are calculated by dividing the adjusted net profit/loss for the period attributable to the holders of common shares of the parent company by the weighted average number of common shares in circulation and the weighted average number of common shares that would be issued following the conversion of all potential common shares with a dilutive effect into common shares.

Intangible Assets and Goodwill

Purchased intangible assets with finite useful lives are recognized at cost and amortized on a straight-line basis over their economic lives. Proprietary software is capitalized at cost and undergoes straight-line amortization over its economic life. Capitalized software licenses are amortized over their expected useful life of three to eight years or over the term of the relevant agreement. The amortization recognized is allocated to the relevant functions in the income statement based on the asset's use. If there are indications of impairment and the recoverable amount is less than amortized cost, impairment losses are recognized on the intangible assets. If the reasons for impairment cease to apply, the impairment losses are reversed accordingly, up to the amortized cost. This does not apply to capitalized goodwill.

Goodwill is recognized in accordance with IFRS 3 (Business Combinations) in conjunction with IAS 36 (Impairment of Assets). These standards require goodwill to be tested annually for impairment rather than amortized.

The accounting principles for intangible assets are as follows:

	Customer relationships	Licenses and software
Amortization method used	Straight-line	Straight-line
Useful life	5 years	3–8 years
Remaining useful life	1–4 years	up to 8 years

Property, Plant and Equipment

Property, plant and equipment are carried at cost less straight-line depreciation recognized over the economic life of the respective item.

Assets are removed from the balance sheet on disposal or scrapping; any disposal gains or losses are recognized in income.

The following useful lives are used for depreciation:

Useful lives of property, plant and equipment

Factory and office buildings	10 – 50 years
Operating and office equipment	3 – 10 years
Machinery and equipment	6 – 20 years
Vehicle fleet	5 – 7 years

If there are indications of impairment and the recoverable amount is less than amortized cost, impairment losses are recognized on the items of property, plant and equipment.

If the reasons for impairment cease to apply, the impairment losses are reversed accordingly, up to the amortized cost. More complex items of property, plant and equipment consisting of clearly separable components with different useful lives are split into these components for the purposes of calculating depreciation. Depreciation is calculated using the useful lives of the individual components.

Investment Property

Investment property as defined by IAS 40 is carried at depreciated cost and, if applicable, depreciated on a straight-line basis over the same useful lives used for items of property, plant and equipment of the same type. The fair value of investment property is determined using recognized valuation techniques or on the basis of the current market price of comparable properties and disclosed in the Notes.

Leases

The process of determining whether an arrangement contains a lease is performed on the basis of the substance of the arrangement at the date on which it is entered into, and requires a judgment on whether meeting the respective contractual obligations is dependent on the use of one or more specific assets and whether the arrangement transfers the right to use those assets.

Group as Lessee

Finance leases that transfer substantially all the risks and rewards incident to ownership of an asset to the Group result in the leased asset and the corresponding liability being recognized at the inception of the lease at the lower of the fair value of the asset or the present value of the minimum lease payments.

If there is no reasonable certainty that the Deufol Group will obtain ownership at the end of the lease term, recognized leased assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the asset.

Lease payments are apportioned between the finance costs and the repayment of the outstanding liability so as to produce a constant rate of interest on the remaining balance of the liability. Finance costs are recognized immediately as expenses in the financial results.

Leases that do not transfer substantially all the risks and rewards associated with the leased item to the Group are classified as operating leases. Lease payments under operating leases are expensed on a straight-line basis over the term of the lease.

Group as Lessor

Leases that do not transfer substantially all the risks and rewards incident to ownership of an asset from the Group to the lessee are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and expensed over the lease term in proportion to the recognition of rental income. Contingent rent is recognized in the period in which it is generated.

Leases that transfer substantially all the risks and rewards incident to ownership of an asset from the Group to the lessee are classified as finance leases with the Group as lessor. Lease payments are divided up into finance income and repayment of lease receivables.

Sale and Lease-Back Transactions

Leases resulting from sale and lease-back transactions are classified in accordance with the general leasing criteria and are treated either as finance or operating leases. In the case of a finance lease, the carrying amount of the capital good is continues to be amortized as before. Any disposal gain is recognized and reversed in the income statement against the applicable finance expenditure over the term of the agreement.

Joint Ventures and Associates

Investments in joint ventures and associates are accounted for using the equity method. The cost of investments accounted for using the equity method is increased or decreased annually by changes in equity insofar as these are attributable to the Deufol Group.

Nonderivative Financial Assets

Under the provisions of IAS 39, these financial instruments are classified as "financial assets at fair value through profit or loss", "loans and receivables", "held-to-maturity investments" or "available-for-sale financial assets".

Financial assets are recognized for the first time at fair value plus any transaction costs (excluding financial instruments held for trading and financial assets at fair value through profit or loss).

Financial assets at fair value through profit or loss are carried at fair value, with fair value changes recognized in the income statement. This includes financial assets held for trading.

Loans and receivables are measured at amortized cost with application of the effective-interest method and less impairments. Income/losses are recorded in the income (loss) for the period.

Held-to-maturity investments are carried at amortized cost using the effective-interest method.

Available-for-sale financial assets are carried at fair value, with fair-value changes less income tax expense recognized as gains or losses from the fair-value measurement of financial instruments and presented as a portion of the accumulated changes recognized directly in equity.

The Company's management classifies financial assets on acquisition and checks their classification at each balance sheet date.

All standard market purchases and sales of financial assets are recorded in the balance sheet on the transaction date, i. e. the date on which the Company entered into the obligation to purchase the asset.

In case of objective indications of an impairment of assets accounted for at amortized cost, the impairment loss is the difference between the carrying amount of the asset and the present value of the expected future cash flows (with the exception of expected future loan losses which have yet to occur), discounted at the original effective interest rate for the financial asset, i. e. the effective interest rate determined at the initial valuation. The carrying amount for the asset is reduced with use of a valuation account. The impairment loss is recognized in the income statement.

In case of a decrease in the valuation adjustment in the following reporting periods, where this decrease is objectively attributable to circumstances occurring after recording of the valuation adjustment, the previously recorded valuation adjustment will be canceled. However, the new carrying amount of the asset may not exceed the amortized cost at the reinstatement of the original value. The reinstatement of the original value will be recognized in income.

In case of objective indications for trade receivables that amounts due will not all be received in accordance with the originally agreed invoice terms (e. g. the probability of an insolvency or significant financial difficulties for the debtor), an impairment will occur with use of a valuation account. Receivables are closed out once they are classified as uncollectible.

A financial asset (or a portion of a financial asset or a portion of a group of similar financial assets) will be closed out subject to one of the three following conditions:

- The contractual rights to receive cash flows resulting from a financial asset have expired.
- The Group will retain the rights to receive cash flows resulting from financial assets but assumes a contractual obligation of immediate payment of the cash flows to a third party under an agreement fulfilling the conditions laid down in IAS 39.19 (“pass-through-arrangement”).
- The Group has transferred its contractual rights to receive cash flows resulting from a financial asset, thereby either (a) substantially transferring all risks and opportunities associated with ownership of the financial asset or (b) not having substantially transferred or retained all risks and opportunities associated with ownership of the financial asset, but having transferred the power of control over the asset.

Derivative Financial Instruments

As a rule, derivative financial instruments are exclusively used by the Group to hedge interest-rate fluctuation risks. The Group applies the hedge accounting rules pursuant to IAS 39 in the course of its accounting. The effective portion of the profit or loss resulting from a cash flow hedge is recorded directly in equity as a portion of the accumulated changes recognized directly in equity, including deferred taxes, while the ineffective portion is immediately recognized in income. Derivatives are measured according to recognized methods and in consideration of current market parameters. The “critical-term-match” method is used to determine effectiveness. The Deufol Group does not have any derivative financial instruments as of the reporting date.

Where a fixed obligation not shown in the balance sheet is classified as an underlying transaction, the following accumulated change in the fair value of the fixed obligation attributable to the hedged risk will be recognized in the result for the period as an asset or liability with a corresponding profit or loss. The changes in the fair value of the hedging tool will also be recognized in the period result.

Cash Flow Hedges

The amounts recognized in equity will be reclassified in the income statement in the period in which the hedged transaction affects the period result, e. g. if hedged financial income or expenses are recognized or if an expected sale is executed. Where a hedge leads to the reporting of a non-financial asset or a non-financial liability, the amounts recognized in equity will form part of the costs of acquisition at the time of the addition of the non-financial asset or non-financial liability.

Where the stipulated transaction or fixed obligation is no longer expected to be realized, the amounts previously recognized in equity will be reclassified to the income statement. In case of the expiry or sale, termination or exercise of the hedging tool without a replacement or the rollover of the hedging tool into another hedging tool, the amounts previously recognized in equity will remain a separate equity item until the envisaged transaction or fixed obligation has been realized.

Cash and Cash Equivalents

Cash and cash equivalents on the face of the balance sheet comprise cash on hand, checks, bank balances and short-term deposits with an original maturity of up to three months.

Inventories

Inventories are carried at the lower of cost and net realizable value. As a rule, carrying amounts are calculated using the weighted-average-cost method; for certain inventories, the FIFO method is used. Cost comprises all production-related costs, calculated on the basis of normal employment. As well as direct costs (such as direct material and manufacturing costs), it also includes fixed and variable material and manufacturing overheads relating to the production process and appropriate portions of depreciation of manufacturing equipment.

Deferred Taxes

Deferred taxes are calculated using the balance sheet liability method in accordance with IAS 12. This standard requires deferred taxes to be recognized for all temporary differences between the tax bases of the individual companies and the carrying amounts according to IFRS, and on consolidation adjustments. Deferred tax assets are also recognized for future benefits expected to arise from tax loss carryforwards. However, deferred tax assets have only been recognized for accounting differences and for tax loss carryforwards to the extent that it is probable that the asset will be realized. Deferred tax assets are measured at the applicable national rates of income tax. In Germany, deferred tax assets were calculated using a tax rate of 29.72 % (previous year: 29.65 %). This includes corporation tax at 15 %, the solidarity surcharge of 5.5 % on the corporation tax and the average rate of trade tax within the Group.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when an asset is realized or a liability is settled. Deferred taxes for items recognized directly in equity will also be recognized directly in equity. Deferred tax liabilities are not recognized in case of taxable temporary differences associated with investments in subsidiaries and associates where the timeframe for the reversal of the temporary differences may be controlled and a reversal of the temporary differences is not probable in the foreseeable future.

Other Recognized Income and Expense

Items taken directly to equity are reported under this item, unless they result from capital transactions with shareholders, such as capital increases or dividend payments. This item includes the cumulative translation adjustment and unrealized gains or losses from the fair-value measurement of financial instruments, and derivatives used in cash flow hedges as well as actuarial gains and losses in connection with pension commitments. They are recognized including deferred taxes, where applicable.

Provisions for Pensions and Similar Obligations

The actuarial valuation of pension provisions for defined benefit plans is based on the “projected unit credit method” prescribed in IAS 19. The interest element of pension expenses is shown as a finance cost. Actuarial gains and losses are recognized directly in other comprehensive income.

In the case of defined contribution pension plans (e.g. direct insurance schemes), the contributions payable are recognized immediately as an expense. Provisions are not recognized for defined-contribution plans, as in these cases, the Group has no other obligation above and beyond its obligation to pay premiums.

Other Provisions

Other provisions are recognized where a present obligation exists to third parties as a result of a past event, an outflow of resources is expected and the amount can be reliably measured. They are uncertain obligations that are recognized in the amount of the best estimate. Provisions with a remaining maturity of more than one year are discounted at market interest rates reflecting the risk specific to the liability and the period of time until the settlement date.

Non-Derivative Financial Liabilities and Other Liabilities

Financial liabilities are carried at amortized cost. Differences between historical cost and the repayment amount and transaction costs are accounted for using the effective-interest method. Other liabilities are carried at their nominal value or the repayment amount. Noncurrent other liabilities bearing no interest are accounted for at their present value.

A financial liability will be closed out in case of the fulfillment, cancellation or expiry of the underlying obligation for this liability.

Where an existing financial liability is replaced by another financial liability of the same lender subject to substantially different contract terms or where the terms of an existing liability are subject to substantial change, this replacement or change will be treated as a closing-out of the original liability and a valuation for a new liability. The difference between the respective carrying amounts will be recognized in income.

Treasury Stock

Where the Group acquires treasury stock, this is recognized at cost on acquisition and deducted from equity. The purchase, sale, issue or withdrawal of treasury stock is not recognized in income. Differences between the net carrying amount and the counterperformance are recorded in the capital reserves.

Cash Flow Statement

The cash flow statement is prepared in accordance with the provisions of IAS 7 and shows the changes in the Group's cash and cash equivalents in the course of the year under review as a result of cash inflows and outflows. A distinction is made between cash flows from operating activities, investing activities and financing activities. Cash flows from operating activities are presented using the indirect method.

Segment Reporting

Segment reporting is performed in accordance with IFRS 8 ("Operating Segments"). The segments correspond to those of the internal reporting structure. Segmentation aims to make transparent the assets and financial position and results of operations of the Group's individual activities and its various regions.

Borrowing Costs

All borrowing costs are expensed in the period in which they are incurred. The Group does not have any qualified assets requiring mandatory inclusion of borrowing costs in their historical costs.

Government Grants

Deufol has received government grants relating to its investment projects. Pursuant to IAS 20, these are deducted when determining the carrying amount of the respective asset and recognized as income over the asset's useful life by means of a reduction in depreciation or, in case of performance-related grants, deducted from the corresponding expenses in the income statement. Government grants are recognized if there is reasonable assurance that the grants will be received and the Company meets the conditions attached to the grants.

Management Judgments and Key Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in accordance with IFRS sometimes requires the managing directors to make estimates or assumptions that can affect the reported amounts of assets, liabilities and financial liabilities as of the balance sheet date, and the income and expenses for the reporting period. Actual amounts and changes may differ from these estimates and assumptions.

The significant judgments and estimates applied are described in the following section:
A significant portion of the valuation adjustment for doubtful accounts receivable relates to assessments and judgments regarding individual receivables which are based on the credit worthiness of the relevant customer, current economic trends and an analysis of historical losses of receivables outstanding on a portfolio basis.

Recognition and valuation of other provisions are based on an estimate of the probability of the future outflow of benefits, supplemented by past experience and the circumstances known at the balance sheet date. As such, the actual outflow of benefits may differ from the amount recognized under other provisions. Please see Note (23) for further disclosures.

Deferred tax assets from tax loss carryforwards are recognized on the basis of an estimate of the future recoverability of the corresponding tax benefits, i. e. if there is expected to be sufficient taxable income or reduced tax expense in future. The next five years is assumed as the assessment timeframe for this. The actual taxable income situation in future periods, and hence the extent to which tax loss carryforwards can actually be utilized, may differ from the estimate performed at the date on which the deferred taxes are recognized. Please see Note (7) for further disclosures.

Significant forward-looking estimates and assumptions are made in the context of the impairment tests performed on goodwill, because the discounted-cash-flow method used for these tests requires the calculation of future cash flows, an appropriate rate of interest and long-term future growth rates. Any change in these factors may affect the results of such impairment tests. Please see Note (11) for further disclosures.

Valuation of property, plant and equipment and intangible assets with a limited useful life requires the use of estimates for calculation of the fair value at the time of acquisition, particularly for assets acquired in connection with a business combination. In addition, these assets' expected useful life is to be determined. Calculation of the fair values of the assets and their useful life and the impairment testing in case of indications of impairment are based on judgments made by the management. Please see Notes (10) and (11) for further disclosures.

Where an agreement regarding a business combination stipulates an adjustment of the costs of acquisition for the combination such as is dependent on future events, the amount of this adjustment will be incorporated in the costs of acquisition for the combination at the time of acquisition if the adjustment is probable and can be reliably measured.

Further judgments may be required for the classification of leases.

Changed Accounting and Valuation Methods

In principle, the balancing and valuation methods used are the same as those used in the previous year, with the exception of the following IFRS standards and interpretations ("new accounting standards") used for the first time in the fiscal year.

New Accounting Standards

Adopted IFRS

The accounting and valuation methods applied in the consolidated financial statements correspond to the IFRS whose adoption is mandatory in the EU from December 31, 2015.

Accounting standards adopted for the first time in the current fiscal year

Within the scope of its annual "Improvement" projects, in December 2013 the IASB published its fifth and sixth sets of "Annual Improvements to IFRS". These amendments clarify the recognition, valuation and disclosure of business transactions and standardize terminologies. They should mainly be understood as editorial adjustments to existing standards. First-time adoption has not had any effect on the presentation of the Group's net assets, financial position and results of operations or earnings per share.

Accounting standards published but not yet adopted

The IASB or the IFRS Interpretations Committee has released the following standards or amendments of standards and interpretations whose adoption is not yet mandatory. Adoption of these IFRS and interpretations is subject to their adoption by the EU within the scope of its IFRS endorsement process.

In November 2009 the IASB published the standard IFRS 9 (Financial Instruments) with rules clarifying the classification and valuation of financial assets. In October 2010 it published rules for the classification and valuation of financial liabilities. In November 2013 the IASB published further amendments. In July 2014 the IASB published new rules for the recognition of impairment of financial instruments. IFRS 9 is applicable for fiscal years beginning on or after January 1, 2018. It is yet to be transposed into European law. At the present time, adoption of IFRS 9 is not expected to have any significant effect on the Group's net assets, financial position and results of operations.

In May 2014 the IASB released the amendment "Clarification of Acceptable Methods of Depreciation and Amortisation" in relation to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets). The amendment of IAS 16 and IAS 38 clarifies that revenue-based depreciation of property, plant and equipment and amortization of intangible assets is not appropriate. First-time adoption is compulsory for fiscal years beginning on or after January 1, 2016. This amendment will not have any effect on the presentation of the Group's net assets, financial position and results of operations.

In May 2014 the IASB published its amendment "Accounting for Acquisitions of Interests in Joint Operations" in relation to IFRS 11 (Joint Arrangements). Its amendment of IFRS 11 regulates accounting for the acquisition of interests in joint operations in which the activity constitutes a business. First-time adoption is compulsory for fiscal years beginning on or after January 1, 2016. This amendment will not have any effect on the presentation of the Group's net assets, financial position and results of operations.

In May 2014 the IASB published its standard IFRS 15 (Revenue from Contracts with Customers). The new standard provides a comprehensive framework for clarifying whether, in what amount and when revenues are recognized. IFRS 15 envisages a uniform, five-step revenue realization model. In principle, this must be applied for all contracts with customers. Subject to its endorsement by the EU, adoption of IFRS 15 will be mandatory for the first time for fiscal years beginning on or after January 1, 2018. Early adoption is permitted. The effects on the presentation of the Group's net assets, financial position and results of operations are currently being reviewed. At the present time, adoption of IFRS 15 is not expected to have any significant effect on the Group's net assets, financial position and results of operations.

In September 2014, within the scope of its annual "Improvement" projects the IASB published its seventh set of "Annual Improvements to IFRS". These amendments clarify the recognition, valuation and disclosure of business transactions and standardize terminologies. They should mainly be understood as editorial adjustments to existing standards. These amendments are applicable for fiscal years beginning on or after July 1, 2016. They are not expected to have any significant effect on the presentation of the Group's net assets, financial position and results of operations.

In January 2016 the IASB published the standard IFRS 16 (Leases). IFRS 16 is the new standard in respect of accounting for leases. It introduces a uniform leasing accounting model for lessees requiring recognition of assets and liabilities for all leases with a term of more than 12 months unless they are immaterial. In future, the distinction between operating leases (for which assets and liabilities are not currently shown in the balance sheet) and finance leases will no longer apply for lessees. The new standard is applicable for fiscal years beginning on or after January 1, 2019. It is yet to be transposed into European law. The precise effects on the presentation of the Group's net assets, financial position and results of operations must still be reviewed.

In January 2016 the IASB published its amendment to IAS 7 (Statement of Cash Flows) "Amendments to IAS 7: Disclosure Initiative". The following changes to liabilities resulting from financing activities must be indicated in future: changes in net cash used in financing activities, changes resulting from the acquisition or loss of control over subsidiaries or other companies, effects of exchange rate changes, changes in fair values and other changes. First-time adoption is compulsory for fiscal years beginning on or after January 1, 2017. It is yet to be transposed into European law. The effects on the presentation of the Group's net assets, financial position and results of operations are currently being reviewed.

The other standards published which the EU has not yet transposed are not expected to have any significant effect on the Group's net assets, financial position and results of operations.

Scope of Consolidation

Consolidated Companies

In addition to Deufol SE, the group of fully consolidated companies includes all major subsidiaries and subgroups over which Deufol SE has legal or practical control.

	Dec. 31, 2014	Additions	Disposals	Dec. 31, 2015
Consolidated subsidiaries	33	1	0	34
thereof in Germany	19	0	0	19
thereof abroad	14	1	0	15
Companies valued using the equity method	7	1	0	8
thereof in Germany	5	0	0	5
thereof abroad	2	1	0	3
Total	**40**	**2**	**0**	**42**

The following table shows the companies fully consolidated as of December 31, 2015:

Companies fully consolidated as of Dec. 31, 2015	Country	Equity interest (%)*
Deufol Services & IT GmbH, Hofheim	Germany	100.0
D.Services Immobilien GmbH & Co. KG i. L., Hofheim	Germany	94.8
Deufol Airport Services GmbH, Hofheim	Germany	88.0
Activatis GmbH (previously Deufol Mitte GmbH), Hofheim	Germany	100.0
Deufol time solutions GmbH, Hofheim	Germany	100.0
DRELU Holzverarbeitung GmbH, Remscheid	Germany	55.1
Deufol Nürnberg GmbH, Nuremberg, (incl. subsidiaries)	Germany	100.0
Deufol Hamburg GmbH, Hamburg	Germany	100.0
Deufol Frankfurt GmbH, Frankfurt	Germany	100.0
Deufol West GmbH, Oberhausen	Germany	100.0
Deufol Nord GmbH, Peine	Germany	100.0
Deufol Bochum GmbH, Bochum	Germany	100.0
Deufol Süd GmbH, Neutraubling	Germany	100.0
DTG Verpackungslogistik GmbH, Fellbach	Germany	51.0
Deufol Remscheid GmbH, Remscheid	Germany	100.0
IAD Industrieanlagen-Dienst GmbH, Munich	Germany	100.0
Deufol München GmbH, Munich	Germany	100.0
Deufol Berlin GmbH, Berlin	Germany	100.0
Deufol Südwest GmbH, Walldorf	Germany	100.0
Deufol Austria GmbH, Bruck a.d. Leitha	Austria	100.0
Deufol Česká republika a.s., Ivančice	Czech Republic	100.0
Deufol Slovensko s.r.o., Krušovce	Slovak Republic	100.0
Deufol (Suzhou) Packaging Co. LTD, Suzhou	China	100.0
Deufol North America Inc., Sunman, Indiana (including subsidiaries)	USA	100.0
Deufol Sunman Inc., Sunman, Indiana	USA	100.0
Deufol Charlotte LLC., Charlotte, North Carolina	USA	100.0
Deufol Packaging Tienen N.V., Tienen	Belgium	100.0
Deufol Logistics Tienen N.V., Tienen	Belgium	100.0
Deufol België N.V., Tienen (incl. subsidiaries)	Belgium	100.0
Arcus Installation B.V.B.A., Houthalen	Belgium	100.0
Deufol Technics N.V., Houthalen, previously AT + S N.V., Houthalen	Belgium	100.0
Deufol Waremme S.A., Waremme	Belgium	98.8
Deufol Immobilien CZ s.r.o., Brno	Czech Republic	100.0
Deufol Italia S.p.A., Fagnano Olona	Italy	100.0

* attributable to the relevant parent

Investments Accounted for Using the Equity Method

The following companies were included in consolidation using the equity method:

Companies accounted for using the equity method as of Dec. 31, 2015

	Country	Equity interest (%)*
SIV Siegerländer Industrieverpackungs GmbH, Kreuztal	Germany	50.0
Abresch Industrieverpackung GmbH, Viernheim	Germany	50.0
Deutsche Tailleur Bielefeld GmbH & Co. KG, Bielefeld	Germany	30.0
Mantel Industrieverpackung GmbH, Stockstadt	Germany	50.0
Deufol-Meilink GmbH, Troisdorf	Germany	50.0
Deufol Meilink Asia Pacific PTE. LTD., Singapore	Singapore	50.0
Deufol Meilink (Yantai) Packaging Co. LTD, Yantai	China	50.0
Deufol St. Nabord SAS, Saint Nabord	France	24.0

*attributable to the relevant parent

Information in Accordance with Section 313 (2) No. 4 of the German Commercial Code

Deufol SE holds at least 20 % of the shares in the following companies:

Company's name and registered office	Country	Equity interest (%)	Equity in € thousand	Result for the fiscal year in € thousand
Deufol Securitas Int. GmbH, Hamburg	Germany	50.00	50	(3)
GGZ Gefahrgutzentrum Frankenthal GmbH i. I., Frankenthal*	Germany	100.00	(177)	(189)
Deutsche Tailleur Bielefeld Beteiligungs GmbH, Bielefeld	Germany	30.00	68	3
Securitas Int. B.V., Antwerp	Belgium	50.00	—	—

*as of December 31, 2011

New Subsidiaries

On April 10, 2015 Deufol SE established Deufol Immobilien CZ s.r.o., Brno/Czech Republic. Deufol SE holds 100 % of the shares. This company has share capital with a value of CZK 28 thousand, which was paid in on April 9, 2015. In future, this company will acquire and hold real estate for a potential new production location in the Czech Republic. This company is not yet operationally active and does not have any significant assets or liabilities. This company has been fully consolidated since April 10, 2015.

The Deufol Group established Deufol Meilink (Yantai) Packaging Co. LTD, Yantai/China, together with a strategic partner in late 2014. This company was entered in the local registers in China in January 2015. It is wholly owned by Deufol Meilink Asia Pacific PTE.LTD., Singapore. The newly established company has paid-in share capital in the amount of USD 150,000. This company has been consolidated at equity since January 1, 2015.

Consolidated Income Statement Disclosures

01 Sales

Sales mainly resulted from the provision of services and, to a lesser extent, from rents. Sales include rental income from the investment properties in the amount of € 180 thousand (previous year: € 180 thousand). In respect of further comments on sales, we refer to the segment reporting on pages 081 ff.

02 Other Operating Income

The following table shows the breakdown of other operating income:

Figures in € thousand	2015	2014
Release of provisions and liabilities	402	994
Release of valuation adjustments on receivables	0	226
Assumption of costs	2,159	1,866
Insurance compensation and other indemnification	1,877	1,562
Reimbursements of ancillary costs	238	708
Income from disposal of fixed assets	545	559
Income from deconsolidation	0	106
Exchange rate gains	704	522
Amounts reimbursed by suppliers	681	670
Other	939	596
Total	**7,545**	**7,809**

03 Cost of Materials

The cost of materials includes the following expenses:

Figures in € thousand	2015	2014
Expenses for raw materials, consumables and supplies	81,564	79,103
Cost of purchased services	76,179	67,663
Total	**157,743**	**146,766**

04 Personnel Costs

The personnel costs include the following expenses:

Figures in € thousand	2015	2014
Wages and salaries	81,498	75,388
Social security contributions and employee benefits	21,691	19,699
Total	**103,189**	**95,087**

The average number of employees in 2015 was 2,641 (previous year: 2,523), of which Germany accounted for 1,501 employees (previous year: 1,394), the Rest of Europe for 556 employees (previous year: 566) and USA/the Rest of the World for 519 employees (previous year: 500). The holding had 66 employees on average (previous year: 63). As of the reporting date December 31, 2015 the Group had 2,657 employees (previous year: 2,561).

05 Other Operating Expenses

The following table shows the breakdown of other operating expenses:

Figures in € thousand	2015	2014
Rental and lease expenses	20,267	18,848
Space costs	5,926	5,740
Maintenance costs	4,394	3,161
Legal and consulting costs	2,892	2,599
Insurance premiums	2,394	2,494
IT and communications costs	2,347	2,420
Vehicle fleet costs	2,494	2,599
Expenses for loss or damage incurred	2,262	2,822
Expenses for tools and fuel	532	674
Personnel expenses	540	410
Travel expenses	1,314	1,248
Losses on disposal of fixed assets	533	527
Currency losses	147	41
Valuation adjustments and losses on receivables	797	505
Restructuring expenses	1,618	0
Other	8,509	8,394
Total	**56,966**	**52,482**

The Group auditors' overall fees for the fiscal year amounted to € 203 thousand (previous year: € 203 thousand) for audits of financial statements, € 48 thousand (previous year: € 84 thousand) for tax consulting services and € 16 thousand (previous year: € 3 thousand) for other services.

06 Financial Result

The financial result can be broken down as follows:

Figures in € thousand	2015	2014
Financial income	**494**	**878**
Other interest and similar income	99	315
from finance leases	395	563
Finance costs	**(3,302)**	**(4,190)**
from financial liabilities	(2,524)	(3,365)
from finance leases	(490)	(564)
Accumulation of liabilities and provisions	(288)	(261)
Shares of profits of companies accounted for using the equity method	**136**	**584**
Total	**(2,673)**	**(2,728)**

07 Tax Proceeds/Expenses

The Group's income taxes can be broken down as follows:

Figures in € thousand	2015	2014
Effective income tax expense	**2,396**	**1,379**
Germany	1,242	293
Rest of the World	1,154	1,086
Deferred income taxes due to the occurrence or reversal of temporary differences	**(494)**	**1,653**
Germany	(260)	2,027
Rest of the World	(234)	(374)
Total	**1,902**	**3,032**

Deferred tax expenses/proceeds are as follows:

Figures in € thousand	2015	2014
(Recognition of)/write-down on loss carryforwards	(793)	1,391
Supplementary capital for tax purposes	386	422
Valuation of property, plant and equipment	(49)	(117)
Valuation of clientele	(3)	(32)
Valuation of current assets	(29)	117
Finance leasing	(107)	(91)
Other	101	(37)
Total	**(494)**	**1.653**

As of December 31, 2015, deferred taxes were calculated for German companies with an overall tax rate of 29.72 % (previous year: 29.65 %). The relevant national tax rate applies for the deferred taxes of companies outside Germany.

The following table shows the reconciliation between the expected and reported income tax expense for the Group, subject to the 29.72 % (previous year: 29.65 %) income tax rate for Deufol SE:

Figures in € thousand	2015	2014
Earnings before taxes	5,494	3,500
Income tax rate of the Deufol Group as %	29.72	29.65
Expected tax expense	**1,633**	**1,038**
Effect of different tax rates	104	(77)
Unrecognized deferred tax assets on loss carryforwards	(405)	475
Use of previously unconsidered tax losses	(476)	118
Write-down on loss carryforwards recognized to date	6	1,018
Effect of tax-exempt income	(716)	(807)
Effect of expenses not deductible for tax purposes	459	826
Prior-period tax effects	506	(141)
Other	791	582
Income taxes	**1,902**	**3,032**
Effective tax rate (%)	**34.62**	**86.60**

Deferred tax assets can be broken down as follows:

Figures in € thousand	2015	2014
Tax loss carryforwards	7,881	6,885
Supplementary capital for tax purposes	76	462
Finance leases	1,231	1,166
Provisions for pensions	131	158
Other	249	314
Deferred tax assets	**9,568**	**8,985**
Offset against deferred tax liabilities	(663)	(763)
Total	**8,905**	**8,222**

Of the deferred tax assets, € 5,721 thousand (previous year: € 6,197 thousand) relates to domestic Group companies. Domestic tax loss carryforwards may be carried forward for an unlimited duration, but domestic earnings are subject to a minimum level of taxation. As of December 31, 2015, corporate income tax loss carryforwards amounted to € 76.8 million (previous year: € 75.5 million). Of this amount, € 66.5 million (previous year: € 64.4 million) may be carried forward for an unlimited duration. The trade tax loss carryforwards of German Group companies amount to € 57.6 million (previous year: € 56.6 million). Temporary differences relating to shares in subsidiaries for which no deferred taxes have been shown in the balance sheet total € 22.6 million (previous year: € 20.2 million).

Deferred tax liabilities can be broken down as follows:

Figures in € thousand	2015	2014
Property, plant and equipment	406	475
Finance leases	385	427
Clientele	32	34
Other receivables and other assets	409	410
Other	252	252
Deferred tax liabilities	**1,484**	**1,598**
Offset against deferred tax assets	(663)	(763)
Total	**821**	**835**

08 Profit/Loss Attributable to Noncontrolling Interests

The consolidated net profit attributable to noncontrolling interests primarily consists of profit shares attributable to companies in the Deufol Nürnberg Group.

09 Earnings per Share

Income Figures in € thousand	2015	2014
Result attributable to the holders of Deufol SE common stock	3,299	228
Shares in circulation in units		
Weighted average number of shares	43,773,665	43,773,655
Earnings per share Figures in €		
Basic and diluted earnings per share, based on the income (loss) attributable to common shareholders of Deufol SE	0.075	0.005

Consolidated Balance Sheet Disclosures

10 Property, Plant and Equipment

Property, plant and equipment also includes leased buildings and technical equipment and machinery where the Group as lessee is considered to be the economic owner because all substantial risks and rewards incident to the use of the leased assets are transferred.

Within leased assets, the following amounts are attributable to the "Operating and office equipment" and "Technical equipment and machinery" asset classes:

Figures in € thousand	2015	2014
Cost	9,444	9,472
Accumulated depreciation and amortization	(8,096)	(8,423)
Carrying amount	**1,348**	**1,049**

The following amounts are attributable to "Buildings":

Figures in € thousand	2015	2014
Cost	4,588	4,588
Accumulated depreciation and amortization	(3,848)	(3,579)
Carrying amount	**740**	**1,009**

As of December 31, 2015, the fair value of investment property was € 0.7 million (previous year: € 0.7 million). The fair value of investment property was measured on the basis of the Company's yield analysis.

11 Intangible Assets

Intangible assets primarily consist of the goodwill recognized on consolidating acquirees.

The following table shows the breakdown of goodwill by segment:

Figures in € thousand	Germany	Rest of Europe	USA/Rest of the World	Total
Carrying amount as of Jan. 1, 2015	**52,739**	**15,934**	**0**	**68,673**
Additions	0	0	0	0
Impairments	0	0	0	0
Currency translation adjustments	0	4	0	4
Carrying amount as of Dec. 31, 2015	**52,739**	**15,938**	**0**	**68,677**

In accordance with IAS 36 "Impairment of Assets", goodwill should be tested for impairment at least once a year. In the course of impairment testing, the carrying amount of a cash-generating unit (CGU) is compared with its recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

In principle, the lowest level within the Group at which goodwill is monitored for internal management purposes is the level for operating segments as defined by IFRS 8. Accordingly, goodwill is allocated to the operating segments Germany, Rest of Europe and USA/Rest of the World. A full valuation adjustment has been implemented on the goodwill allocated to the USA/Rest of the World segment. In the Rest of Europe segment the management monitors goodwill by distinguishing between three regionally classified cash-generating units. The recoverable amount corresponds to the value in use and was calculated as the present value of future cash flows.

Future cash flows are determined on the basis of the multiple-year financial plans of the companies included in the scope of consolidation. The concrete planning period in each case is three years. The forecasts contained therein are based on past experience and the expected future segment and market development.

The discount rates before taxes are calculated on the basis of market data. For the Group's individual CGUs they are between 5.85 % and 7.05 % (previous year: 6.70 % to 8.14 %). The terminal growth rate (1.0 %, previous year: 1.0 %) does not exceed the long-term growth rates for the industry and region in which the cash-generating units operate.

Impairment testing did not identify the need to recognize impairment losses for the CGUs defined above. A modification of the basic assumptions regarding an increase in the discount interest rate by 1.0 percentage point while maintaining the long-term growth rate of 1.0 % would not lead to any need to recognize impairment losses.

12 Investments Accounted for Using the Equity Method

As of December 31, 2015, the carrying amount of the investments in associates accounted for using the equity method amounts to € 3,939 thousand (previous year: € 3,715 thousand).

The following table provides summary information for the companies accounted for using the equity method. The figures are for the Group's share in the associates.

Assets Figures in € thousand	Dec. 31, 2015	Dec. 31, 2014
Current assets	3,848	3,542
Noncurrent assets	2,700	2,593
Total assets	**6,548**	**6,135**

Equity and liabilities Figures in € thousand	Dec. 31, 2015	Dec. 31, 2014
Debt	3,253	2,621
Equity	3,295	3,514
Total equity and liabilities	**6,548**	**6,135**
Total sales	13,028	13,078
Total expenses	13,026	12,506
Income	**2**	**572**

Unrecognized losses amount to € 134 thousand (previous year: € 12 thousand); cumulative unrecognized losses amount to € 335 thousand (previous year: € 201 thousand).

Consolidated Statement of Changes in Assets in 2014 and 2015

Figures in € thousand	Procurement and production costs						
	Jan. 1, 2015	Currency differences	Changes in the scope of consolidation	Additions	Disposals	Reclassifications	Dec. 31, 2015
Property, plant and equipment							
Land, land rights and buildings	42,041	1,441	0	756	(638)	0	43,600
Technical equipment and machinery	42,976	2,116	0	1,768	(1,384)	(35)	45,441
Operating and office equipment	31,631	262	0	1,881	(1,878)	566	32,462
Assets under construction	573	8	0	521	(447)	(371)	284
Leased assets	14,059	67	0	301	(526)	(159)	13,742
Investment property	983	0	0	0	0	0	983
Total	**132,263**	**3,894**	**0**	**5,227**	**(4,873)**	**1**	**136,512**
Intangible assets							
Patents, licenses, trademarks and similar rights and assets	10,736	275	0	475	(90)	447	11,843
Internally generated intangible assets	2,067	1	0	681	0	(448)	2,301
Goodwill	71,284	4	0	0	0	0	71,288
Total	**84,087**	**280**	**0**	**1,156**	**(90)**	**(1)**	**85,432**
Sum total	**216,350**	**4,174**	**0**	**6,383**	**(4,963)**	**0**	**221,944**

Figures in € thousand	Jan. 1, 2014						Dec. 31, 2014
Property, plant and equipment							
Land, land rights and buildings	36,950	1,500	77	1,325	(283)	2,472	42,041
Technical equipment and machinery	40,031	2,179	1,032	1,498	(1,919)	155	42,976
Operating and office equipment	31,042	232	492	1,369	(1,745)	241	31,631
Assets under construction	3,427	5	0	1,299	(850)	(3,308)	573
Leased assets	15,517	70	0	213	(1,581)	(160)	14,059
Investment property	983	0	0	0	0	0	983
Total	**127,950**	**3,986**	**1,601**	**5,704**	**(6,378)**	**(600)**	**132,263**
Intangible assets							
Patents, licenses, trademarks and similar rights and assets	9,786	281	9	519	(20)	161	10,736
Internally generated intangible assets	1,124	0	0	504	0	439	2,067
Goodwill	71,213	(2)	0	73	0	0	71,284
Total	**82,123**	**279**	**9**	**1,096**	**(20)**	**600**	**84,087**
Sum total	**210,073**	**4,265**	**1,610**	**6,800**	**(6,398)**	**0**	**216,350**

	Depreciation, amortization and impairment							Net amounts	
	Jan. 1, 2015	Currency differences	Changes in the scope of consolidation	Additions	Disposals	Reclassifica-tions	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015
	16,848	611	0	1,285	(89)	0	18,655	25,193	24,945
	32,651	1,424	0	2,987	(1,371)	62	35,753	10,325	9,687
	23,200	208	0	2,018	(1,518)	87	23,995	8,432	8,467
	0	0	0	0	0	0	0	573	284
	12,001	21	0	204	(423)	(149)	11,654	2,058	2,088
	766	0	0	56	0	0	822	217	161
	85,465	**2,264**	**0**	**6,550**	**(3,401)**	**0**	**90,880**	**46,798**	**45,632**
	8,631	227	0	626	(19)	13	9,478	2,105	2,365
	49	0	0	259	0	(13)	295	2,018	2,006
	2,611	0	0	0	0	0	2,611	68,673	68,677
	11,291	**227**	**0**	**885**	**(19)**	**0**	**12,384**	**72,796**	**73,048**
	96,756	**2,491**	**0**	**7,435**	**(1,403)**	**0**	**103,264**	**119,594**	**118,680**
	Jan. 1, 2014						Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014
	14,902	620	67	1,542	(283)	0	16,848	22,048	25,193
	30,446	1,435	664	1,607	(1,659)	158	32,651	9,585	10,325
	22,328	196	361	1,807	(1,492)	0	23,200	8,714	8,432
	0	0	0	0	0	0	0	3,427	573
	11,735	14	0	1,715	(1,305)	(158)	12,001	3,782	2,058
	711	0	0	55	0	0	766	272	217
	80,122	**2,265**	**1,092**	**6,726**	**(4,739)**	**0**	**85,465**	**47,828**	**46,798**
	7,967	225	9	450	(20)	0	8,631	1,819	2,105
	0	0	0	49	0	0	49	1,124	2,018
	2,611	0	0	0	0	0	2,611	68,602	68,673
	10,578	**225**	**9**	**499**	**(20)**	**0**	**11,291**	**71,545**	**72,796**
	90,700	**2,490**	**1,101**	**7,225**	**(4,759)**	**0**	**96,756**	**119,373**	**119,594**

13 Financial Receivables

The Deufol Group has rental and lease agreements under which Deufol is the lessor and essentially all risks and opportunities are transferred to the lessee. These are classified as finance leases with Deufol as the lessor. They relate primarily to buildings, technical equipment and machinery that are used exclusively on a customer-specific basis. Financial receivables have been capitalized in the amount of the net investment volume, on the basis of the future lease installments to be paid by the customer.

The total future payments from leasing contracts can be broken down as follows as of December 31, 2015:

Figures in € thousand	2015	2014
Total future payments	**5,269**	**7,112**
thereof due within one year	1,816	1,843
thereof due between one and five years	3,453	5,269
thereof due in more than five years	0	0
Present value of future payments	**4,529**	**5,804**
thereof due within one year	1,445	1,343
thereof due between one and five years	3,084	4,461
thereof due in more than five years	0	0
Interest element	**740**	**1,308**

14 Other Receivables and Other Assets

The following table shows the breakdown of the “Other receivables and other assets” item:

	2015		2014	
Figures in € thousand	Total	Current	Total	Current
Value-added tax and other taxes receivable	1,562	1,562	2,101	2,101
Deferred expenses	1,030	1,030	1,463	1,463
Guarantees	627	349	4,072	4,072
Receivables from assumption of costs	2,717	2,717	838	408
Receivables from related parties	475	475	503	503
Compensation	1,307	1,307	1,067	1,067
Receivables from reimbursements of ancillary costs	1,627	1,627	1,389	1,389
Amount reimbursed by suppliers	970	970	630	630
Receivables from employees	107	107	150	150
Other	5,903	3,776	4,715	2,330
Total	**16,325**	**13,920**	**16,928**	**14,113**

15 Inventories

The following table shows the breakdown of inventories:

Figures in € thousand	2015	2014
Raw materials, consumables and supplies	9,715	9,806
Finished products and merchandise	1,136	869
Work in progress	1,722	1,676
Total	**12,573**	**12,351**

16 Trade Receivables

Trade receivables are as follows:

Figures in € thousand	2015	2014
Trade receivables	45,899	35,080
Valuation adjustments	(1,362)	(1,299)
Trade receivables, net	**44,537**	**33,781**

Trade receivables from related parties amount to € 158 thousand (previous year: € 390 thousand).

As of December 31, 2015, the age structure of the trade receivables was as follows:

			Overdue, but not value-impaired				
Figures in € thousand	Total	Neither overdue nor value-impaired	< 30 days	30–60 days	61–90 days	91–180 days	> 180 days
2015	**44,537**	**25,785**	**3,282**	**8,446**	**1,089**	**549**	**5,385**
2014	33,781	22,986	3,102	2,290	1,031	2,395	1,977

In respect of the receivables which are neither value-impaired nor overdue, as of the reporting date there are no indications that the debtors will be unable to meet their payment obligations.

The following table shows the development of valuation adjustments on trade receivables:

Figures in € thousand	2015	2014
Valuation adjustments at start of period	**1,299**	**1,881**
Currency differences	5	1
Changes to scope of consolidation	0	72
Addition	631	411
Utilization	(262)	(950)
Reversal	(311)	(116)
Valuation adjustments at end of period	**1,362**	**1,299**

17 Cash and Cash Equivalents

The following table shows the breakdown of cash and cash equivalents:

Figures in € thousand	2015	2014
Cash on hand	44	45
Bank balances	14,289	15,958
Total	**14,333**	**16,003**

There are no restrictions on the amounts reported as cash.

18 Subscribed Capital

As of December 31, 2015, the Subscribed Capital is € 43,773,655 (previous year: € 43,773,655) and is divided up into the same number of no-par value registered shares.

An amount of € 20,000,000 remained unchanged as Approved Capital as of December 31, 2015 for the issuance of new shares in return for cash contributions or contributions in kind (end of previous year: € 20,000,000).

In accordance with the resolution passed by the Annual General Meeting on July 4, 2014, the Company has been authorized to increase the Company's share capital by up to € 20,000,000 in the period up to July 3, 2019.

Pursuant to the resolution passed by the Annual General Meeting on July 4, 2014, on December 31, 2015 the Contingent Capital amounts to € 20,000,000 (end of previous year: € 20,000,000).

In accordance with the resolution passed by the Annual General Meeting on July 1, 2015, the Company has been authorized to purchase up to 4,377,365 of its own shares in the period from July 1, 2015 to June 30, 2020; this corresponds to 10 % of its current share capital.

19 Capital Reserves

At the end of 2015, the capital reserves continue to amount to € 107,240 thousand. The capital reserves mainly consist of the premium resulting from the issue of shares plus payments by the shareholders.

20 Noncontrolling Equity Interests

The noncontrolling equity interests primarily consist of shares held by external third parties in Deufol Nürnberg Group companies. The development of these shares is outlined in detail in the statement of changes in equity.

Proposal for the Appropriation of Net Profit

In its invitation to the Annual General Meeting, the Administrative Board will propose that of the net income of Deufol SE for fiscal year 2015 in the amount of € 24,740 thousand (calculated in accordance with the principles of the German Commercial Code) € 10,000 thousand be transferred to other profit reserves and € 14,740 thousand be carried forward to new account.

21 Financial Liabilities

The following table summarizes the financial liabilities of the Deufol Group:

	2015				2014			
		thereof with a remaining maturity of				thereof with a remaining maturity of		
Figures in € thousand	Total	up to 1 year	1 to 5 years	over 5 years	Total	up to 1 year	1 to 5 years	over 5 years
Amounts due to banks	51,289	11,060	38,145	2,084	51,731	9,620	40,027	2,084
Liabilities under financial leases	6,882	1,768	4,874	240	6,808	1,976	4,733	99
Other financial liabilities	54	3	51	0	300	246	54	0
Financial liabilities	**58,225**	**12,831**	**43,070**	**2,324**	**58,839**	**11,842**	**44,814**	**2,183**

Property, plant and equipment in the amount of € 28.1 million (previous year: € 30.0 million), trade receivables in the amount of € 14.5 million (previous year: € 5.7 million) and inventories in the amount of € 5.3 million (previous year: € 5.2 million) have been pledged as collateral to secure liabilities to banks and other financial liabilities.

Liabilities to Banks

Short-term and medium-term credit lines of € 47.1 million are available to the Group at various banks (previous year: € 42.8 million). As of December 31, 2015, € 26.4 million (previous year: € 23.7 million) of this had been utilized, subject to variable interest rates. The financial liabilities carried in the balance sheet are subject to standard market interest rate risks. In fiscal year 2015, the average weighted interest rate for short-term loans was 3.45 % (previous year: 4.04 %).

The following table shows the Group's material noncurrent liabilities to banks:

	2015				2014			
	Currency	Net carrying amount (€ thousand)	Remaining maturity (years)	Effective interest rate (%)	Currency	Net carrying amount (€ thousand)	Remaining maturity (years)	Effective interest rate (%)
Loans	€	3,130	3	6.05	EUR	4,432	4	6.05
Loans	€	11,500	4	variable*	EUR	13,500	2	variable*
Loans	€	1,776	9	3.05	EUR	1,951	10	3.05
Loans	€	1,333	8	3.95	EUR	1,500	9	3.95
Loans	€	759	10	variable**				
Loans	€	740	9	3.60	EUR	820	10	3.60

*3-month EURIBOR +2,5 %
**3-month EURIBOR +1,5 %

There are also further noncurrent amounts due to banks for financing of property, plant and equipment, particularly technical equipment and machinery, in the amount of € 5.0 million (previous year: € 1.3 million).

Liabilities Under Financial Leases

The total future minimum payments from financial leasing contracts can be broken down as follows as of December 31, 2015:

Figures in € thousand	2015	2014
Total future minimum lease payments	**6,994**	**8,841**
thereof due within one year	1,795	2,594
thereof due between one and five years	4,953	6,145
thereof due in more than five years	246	102
Present value of future minimum lease payments	**6,882**	**6,808**
thereof due within one year	1,768	1,976
thereof due between one and five years	4,874	4,733
thereof due in more than five years	240	99
Interest element	**112**	**2,033**

In several cases extension or purchase options plus price-adjustment clauses apply which are based on standard indexes.

22 Provisions for Pensions

The Deufol Group has both defined-contribution and defined-benefit pension schemes in place. The defined-benefit pension plans include pension obligations (funded and unfunded) and noncurrent-benefit entitlements (provisions for similar post-employment benefits). Noncurrent-benefit entitlements are recognized in the balance sheet at the Italian subsidiary. The recognized provisions can be broken down as follows:

Figures in € thousand	2015	2014
Provisions for pensions	1,030	1,030
Provisions for other post-employment benefits	351	368
Liabilities to pension fund	3,382	3,133
Total	**4,763**	**4,531**

The pension obligations (actuarial present value of benefit entitlements or defined benefit obligation) were calculated using actuarial methods. The calculations were based on the following parameters:

	Germany		Italy	
Figures in %	2015	2014	2015	2014
Discount rate	2.3	2.3	1.0	0.9
Turnover rate*	0.0	0.0	0.0	0.0
Index-linked salary increase	1.0	1.0	1.5	0.6
Index-linked pension increase	1.0	1.0	2.6	2.0

* No assumptions are made with regard to turnover, as all benefits are vested.

Pension obligations are measured in accordance with the provisions of IAS 19 R.

The following table indicates the changes in the present value of the total obligation and the net pension commitment shown in the balance sheet:

Figures in € thousand	2015	2014
Present value of the obligation at January 1	1,398	1,244
Current service cost	5	4
Interest cost	27	36
Pension payments	(31)	(72)
Actuarial losses	(19)	186
Present value of the obligation / net pension commitment on December 31	**1,380**	**1,398**

The present value of the total obligation was € 1,216 thousand on December 31, 2011, € 1,258 thousand on December 31, 2012 and € 1,244 thousand on December 31, 2013. The actuarial gains and losses amounted to € 14 thousand on December 31, 2011, € 175 thousand on December 31, 2012 and € 20 thousand on December 31, 2013 and have been recognized in other comprehensive income.

Pension expense in the fiscal year can be broken down as follows:

Figures in € thousand	2015	2014
Current service cost	5	4
Interest cost	27	36
Total pension expense	**32**	**40**

The expected pension expense for 2016 is € 29 thousand.

In the case of defined-contribution plans, the Deufol Group does not enter into any obligations above and beyond its obligation to pay contributions. In 2015, pension expenses relating to defined-contribution plans totaled € 9 thousand (previous year: € 8 thousand). In addition, contributions were made to state pension insurance agencies in the amount of € 4,204 thousand (previous year: € 3,842 thousand).

The company has carried as a liability in relation to a pension fund an amount of € 3,382 thousand (previous year: € 3,133 thousand) in connection with the closure of its carton business in the USA. No calculations in accordance with IAS 19 are required for this obligation but it requires repayment over a period of 20 years in equal installments of € 303 thousand.

23 Other Provisions

The following table shows the changes in other provisions:

Figures in € thousand	Jan. 1, 2015	Utiliza-tion	Reversal	Addition	Changes in scope of con-solidation	Dec. 31, 2015
Guarantee and liability risks	467	(431)	(28)	0	0	8
Litigation risk	172	(47)	0	251	0	376
Dismantling obligations	519	(493)	(64)	52	0	14
Other risks	175	(10)	0	1,625	0	1,790
Total	**1,333**	**(981)**	**(92)**	**1,928**	**0**	**2,188**

Provisions for guarantees and liability risks mainly include claims due to damage and other warranties. These provisions were recognized on the basis of figures in previous years. The provisions for legal disputes were made for anticipated claims due to ongoing legal disputes.

The provisions recognized by the Deufol Group are current provisions. More specifically, the outflows are structured as follows, based on when they are expected to be settled:

	Current		Noncurrent		Total	
Figures in € thousand	2015	2014	2015	2014	2015	2014
Guarantee and liability risks	8	467	0	0	8	467
Litigation risk	376	172	0	0	376	172
Dismantling obligations	14	519	0	0	14	519
Other risks	1,790	175	0	0	1,790	175
Total	**2,188**	**1,333**	**0**	**0**	**2,188**	**1,333**

24 Other Liabilities

Other liabilities can be broken down as follows:

	2015		2014	
Figures in € thousand	Total	Current	Total	Current
Value-added tax and other taxes payable	1,354	1,354	1,576	1,576
Social security liabilities	1,966	1,966	1,336	1,336
Liabilities to employees relating to wages and salaries	6,933	6,933	6,341	6,341
Other liabilities to employees (annual leave, overtime, etc.)	3,255	3,035	4,942	4,847
Deferred income	1,934	813	2,186	701
Liabilities to related parties	0	0	2	2
Other	1,745	1,674	1,136	1,059
Total	**17,187**	**15,775**	**17,519**	**15,862**

25 Trade Payables

Trade payables amount to € 37,178 thousand (previous year: € 36,316 thousand) and all have a remaining term of less than one year. This includes liabilities for trade payables that have not yet been invoiced in the amount of € 4,204 thousand (previous year: € 2,568 thousand).

Consolidated Cash Flow Statement Disclosures

The consolidated cash flow statement is prepared in accordance with IAS 7. It shows the origin and appropriation of the money flows in fiscal years 2015 and 2014. It is of key significance for an assessment of the financial position of the Deufol Group. The cash flow statement distinguishes between cash flows from operating activities, investing activities and financing activities.

The cash and cash equivalents reported in the cash flow statement correspond to the "Cash and cash equivalents" item in the balance sheet and comprise cash on hand, checks and immediately available bank balances with an original maturity of up to three months. Please see Note (17) for the breakdown of cash and cash equivalents.

The cash flow from investing activities and the cash flow from financing activities are both calculated directly. In contrast, the cash flow from operating activities is derived using the indirect method.

26 Net Cash Provided by Operating Activities

In fiscal year 2015, operating activities provided net cash of € 5.5 million (previous year: € 22.2 million). It should be noted that adjustments were made for the effects of changes in the scope of consolidation.

27 Acquisitions and Sales

Please see page ▶ 056 for details of acquisitions and sales.

28 Net Cash Used in Investing Activities

In the past fiscal year a € 2.9 million (previous year: € 2.3 million) outflow of funds from investing activities resulted. Investments in intangible assets and property, plant and equipment amounted to € 4.8 million, while an inflow of funds in the amount of € 0.3 million resulted from the disposal of intangible assets and property, plant and equipment. The net change in financial receivables in the amount of € 1.3 million and interest received in the amount of € 0.5 million were also significant.

29 Net Cash Used in Financing Activities

In the past fiscal year a € 4.3 million (previous year: € 8.9 million) outflow of funds from financing activities resulted. This was mainly due to the reduction of financial liabilities on balance in the amount of € 0.9 million, and paid interest of € 3.4 million.

Deufol SE did not distribute any dividend in 2015.

30 Change in Cash and Cash Equivalents

The cash and cash equivalents balance decreased by € 1.7 million, from € 16.0 million to € 14.3 million. Net financial indebtedness – defined as financial liabilities less the Group's financial receivables and cash and cash equivalents – increased by € 2.4 million.

Other Disclosures

31 Contingencies and Contingent Liabilities

Within the Group, guarantees have only been granted to third parties for items reported in the balance sheet or for reciprocal rental payment guarantees. As in previous years, the Group has not issued any guarantees in relation to associates.

Expenses amounting to € 20,267 thousand (previous year: € 18,848 thousand) were recognized in the consolidated income statement due to rental agreements and leases that do not qualify as finance leases under IFRS (operating leases). The share of contingent lease payments included in this amount is of lesser significance.

We examine legal disputes and administrative procedures on an individual basis. We evaluate the possible outcomes of such legal disputes on the basis of the information we have received and in consultation with our lawyers and tax advisers. Where we are of the opinion that an obligation will probably lead to future fund outflows, we carry as a liability the present value of the expected fund outflows where these are deemed to be reliably measurable. Legal disputes and tax affairs present complex issues and are associated with a large number of imponderabilities and difficulties, including the facts and circumstances of the individual case and the authority involved.

32 Obligations under Operating Leases – Group as Lessee

The future (non-discounted) minimum lease payments under such non-cancelable leases are as follows:

Figures in € thousand	Dec. 31, 2015	Dec. 31, 2014
Not later than one year	10,971	14,618
Later than one year and not later than five years	18,131	20,386
Later than five years	2,522	2,361
Total minimum lease payments	**31,624**	**37,365**

These standard market obligations result primarily from leases for warehouse or office space, vehicles, and IT and office equipment. The leases have terms of between one and six years and in some cases include a renewal option.

33 Receivables under Operating Leases – Group as Lessor

The Deufol Group has concluded leases for the commercial leasing of its investment property. These leases have remaining, non-cancelable terms of between two and four years. All leases include a clause under which the rent can be adjusted annually on the basis of prevailing market conditions.

In accordance with IAS 17, further contracts have been classified as operating leases with the Group as lessor. These contracts have remaining, non-cancelable terms of between one and five years.

As of December 31, 2015, receivables in the form of future minimum lease payments under non-cancelable operating leases are as follows:

Figures in € thousand	Dec. 31, 2015	Dec. 31, 2014
Not later than one year	467	467
Later than one year and not later than five years	545	1,013
Later than five years	0	0
Total minimum lease payments	**1,012**	**1,480**

34 Contingent Assets

As in the previous year, as of the balance sheet date there were no contingent assets that could have a significant financial impact on the Deufol Group.

35 Government Grants

As in 2014, the Deufol Group did not receive any government grants in 2015.

36 Capital Management Disclosures

In principle, Deufol's goal is to secure its equity capital base on a long-term basis. A Group equity ratio in excess of 40 % is aimed for. As of December 31, 2015, the Group's equity ratio was 45.6 % (previous year: 44.6 %). The equity ratio thereby functions merely as a passive management criterion, with sales and the operating result (EBIT) being used as active management variables.

In some cases within the Group, credit agreements are tied to compliance with financial ratios. In these cases, the development of the relevant financial ratios forms a fixed component of the reporting of the affected companies, for early recognition and rectification of undesirable trends and negotiations with the relevant lenders.

37 Financial Risk Management

The Deufol Group is exposed to various financial risks in its normal business activities. These include, in particular, market risks (currency risk, interest risk and goods price risk), the risk of nonpayment and the liquidity risk. The Deufol Group uses a standardized, Group-wide risk management system to manage these risks. The aim is to establish an operating routine based on actions, and therefore on constant risk minimization. Within the Deufol Group, derivative financial instruments are used exclusively for risk reduction purposes.

Currency risk

The currency risk is the risk of the fair value or future cash flows of a financial instrument being subject to change due to exchange-rate fluctuations. Overall, the risks resulting from the change in exchange rates are of minor significance for the operating activities of the Deufol Group. The main effect on the Group's assets position resulted from the translation of the American companies' US-dollar-denominated financial statements into the reporting currency euro. Further currency risks result from the consolidation of the Czech company. If the euro were 10 % stronger (weaker) against the US dollar, the earnings of the Group would have been € 189 thousand lower (higher) and in the previous year € 127 thousand lower (higher). The balancing item in equity would have been € 465 thousand lower (higher) and in the previous year € 488 thousand lower (higher).

The Deufol Group has not currently used any forward exchange transactions to hedge currency risks.

Interest rate risk

The interest rate risk is the risk of the fair value or future cash flows of a financial instrument being subject to fluctuation due to changes in the market interest rate. Businesses may be exposed to this risk through variable-interest and fixed-interest financial instruments.

The Deufol Group holds both fixed-interest and variable-interest financial instruments. If the interest rate level as of December 31, 2015 for variable-interest liabilities had been an average of 100 basis points higher (lower), this would have had an effect on the Group's interest expense in the approx. amount of € 396 thousand (previous year: € 398 thousand).

Goods price risk

The Group's key requirements include packaging materials such as wood, foils, screws and cardboard. The purchasing prices for these products may fluctuate, depending on the market situation. It is not always possible to directly pass on fluctuating prices to customers. A goods price risk therefore applies which may influence the Group's earnings, equity and cash flow situation. To minimize risks outline delivery agreements have been concluded with various suppliers. In addition, some agreements include a stipulation that the cost of materials will be passed on directly, so that no goods price risk applies in the case of these agreements.

Credit risk (nonpayment risk)

The Group only enters into business with creditworthy third parties. In almost all cases, customers of the Deufol Group are major industrial companies with good or very good credit standing. In addition, the Group's receivables are continuously monitored so that the Group is not exposed to any significant default risk. The maximum default risk for trade receivables is limited to their carrying amount. Please see Note (16) for further disclosures.

In case of other financial assets of the Group such as cash and cash equivalents, receivables under finance leases and other assets, the maximum credit risk in the event of the counterparty's default is the carrying amount of these instruments.

Liquidity risks

The liquidity risk is the risk of a company experiencing difficulties in meeting its payment obligations for its financial instruments.

The Deufol Group is financed through various regional financing groups. Most financing is provided by means of syndicated borrowing facilities and bilateral bank loans. Local management continuously monitors the liquidity status of consolidated foreign Group companies and regularly notifies the Group's management of this; the Group's management handles daily liquidity monitoring and control centrally for the German companies.

The following table shows all the contractually agreed payments for interest and repayment for financial liabilities shown in the balance sheet:

Figures in € thousand	2016	2017 to 2020	after 2020
At December 31, 2015			
Amounts due to banks	14,215	39,742	2,544
Liabilities under financial leases	1,795	4,953	247
Other financial liabilities	3	51	0
Trade payables	37,178	0	0
Other liabilities (excluding tax liabilities)	12,765	292	0

Figures in € thousand	2015	2016 to 2019	after 2019
At December 31, 2014			
Amounts due to banks	11,331	44,348	2,581
Liabilities under financial leases	2,594	6,145	102
Other financial liabilities	246	54	0
Trade payables	36,316	0	0
Other liabilities (excluding tax liabilities)	13,586	172	0

Further Financial Instruments Disclosures

The net result for the financial instruments in terms of valuation categories is as follows:

Figures in € thousand	From subsequent valuation						
	From interest	At fair value	Currency Translation	Valuation adjustment	From disposal	**2015**	2014
Loans and receivables	100	—	—	(319)	—	(219)	(76)
Financial assets available for sale	—	—	—	—	—	—	—
Financial assets held for trading	—	—	—	—	—	—	—
Financial liabilities measured at amortized cost	(2,812)	—	—	—	—	(2,812)	(3,626)
Financial liabilities held for trading	—	—	—	—	—	—	—

Valuation of financial instruments

Cash and cash equivalents and trade receivables normally have short residual maturities. Accordingly, on the reporting date their carrying amounts approximately correspond to the fair value.

Trade payables and other liabilities generally have short residual maturities. The figures shown in the balance sheet therefore approximately correspond to the fair values.

The fair values of interest-bearing loans and borrowings and lease liabilities are calculated as the present value of the payments associated with the liabilities, with use of market interest rates.

The fair value hierarchy levels in accordance with IFRS 7 in combination with IFRS 13 are as follows:

Level 1: quoted market prices for identical assets and liabilities in active markets,

Level 2: information other than quoted market prices which is observable directly (e. g. prices) or indirectly (e. g. derived from prices) and

Level 3: information for assets and liabilities which is not based on observable market data.

The carrying amounts for the financial instruments in terms of valuation categories are as follows:

		Balance sheet valuation (IAS 39)					
Figures in € thousand	Category	**Carrying amount Dec. 31, 2015**	Amortized cost	Fair value not recognized in income	Fair value recognized in income	Valuation acc. IAS 17	**Fair value Dec. 31, 2015**
Assets							
Cash and cash equivalents	1)	14,333	14,333	—	—	—	14,333
Trade receivables	1)	44,537	44,537	—	—	—	44,537
Other receivables	1)	13,733	13,733	—	—	—	13,500
Receivables from the finance lease	n/a	4,529	—	—	—	4,529	5,020
Financial assets	2)	59	59	—	—	—	59
Equity and liabilities							
Amounts due to banks	4)	51,288	51,288	—	—	—	53,167
Trade payables	4)	37,178	37,178	—	—	—	37,178
Liabilities under financial leases	n/a	6,885	—	—	—	6,885	6,470
Other liabilities	4)	13,108	13,108	—	—	—	13,074
Derivatives with hedge relationships	n/a		—	—	—	—	—
Aggregated by valuation category acc. IAS 39							
1) Loans and receivables		72,603	72,603	—	—	—	72,370
2) Financial assets available for sale		59	59	—	—	—	59
3) Financial assets held for trading		—	—	—	—	—	—
4) Financial liabilities measured at amortized cost		101,574	101,574	—	—	—	103,419
5) Financial liabilities held for trading		—	—	—	—	—	—

Figures in € thousand	Balance sheet valuation (IAS 39)						
	Category	**Carrying amount Dec. 31, 2014**	Amortized cost	Fair value not recognized in income	Fair value recognized in income	Valuation acc. IAS 17	**Fair value Dec. 31, 2014**
Assets							
Cash and cash equivalents	1)	16,003	16,003	—	—	—	16,003
Trade receivables	1)	33,781	33,781	—	—	—	33,781
Other receivables	1)	13,430	13,430	—	—	—	13,009
Receivables from the finance lease	n/a	5,804	—	—	—	5,804	6,405
Financial assets	2)	59	59	—	—	—	59
Equity and liabilities							
Amounts due to banks	4)	51,731	51,731	—	—	—	51,492
Trade payables	4)	36,316	36,316	—	—	—	36,316
Liabilities under financial leases	n/a	6,808	—	—	—	6,808	8,355
Other liabilities	4)	14,058	14,058	—	—	—	13,732
Derivatives with hedge relationships	n/a		—	—	—	—	—
Aggregated by valuation category acc. IAS 39							
1) Loans and receivables		63,214	63,214	—	—	—	62,793
2) Financial assets available for sale		59	59	—	—	—	59
3) Financial assets held for trading		—	—	—	—	—	—
4) Financial liabilities measured at amortized cost		102,105	102,105	—	—	—	101,540
5) Financial liabilities held for trading		—	—	—	—	—	—

Segment Information by Region and Services

38 Segment Reporting

The segment reporting is prepared in accordance with the provisions of IFRS 8 (Operating Segments). Its primary reporting format is based on geographical regions which have been grouped for the purpose of corporate management. As the segment result – used for assessment of the business success of the respective segments – the management has calculated the result for the period before taxes, financial income, financial expenses, shares of profits of companies accounted for using the equity method and amortization / impairment of goodwill (EBITA).
The Deufol Group has the following segments for which reporting requirements apply:

- Germany
- Rest of Europe
- USA / Rest of the World

The holding company covers the Group's administrative activities and, in addition to Group management functions, includes support functions such as key account management and corporate communications.

The operating result (EBITA) for the business units is separately monitored by the management in order to make decisions on the allocation of resources and to determine the units' performance. The segments' development is mainly measured with reference to the operating result. As the Deufol Group has a decentralized organizational structure, financial expenses and income and income taxes can be allocated to the individual business segments.

The prices charged between the business segments are determined on the basis of the arm's length principle.

39 Segment Information by Region

Figures in € thousand	Germany	Rest of Europe	USA/Rest of the World	Holding company	Elimination	Group
2015						
External sales	170,219	70,668	83,212	736	0	324,835
Internal sales	25,371	13,621	2	14,973	(53,967)	0
Total sales	**195,590**	**84,289**	**83,214**	**15,709**	**(53,967)**	**324,835**
EBIT	4,509	2,548	4,845	(2,259)	(1,477)	8,166
Financial income	392	467	131	3,115	(3,611)	494
Finance costs	(1,938)	(485)	(2,565)	(1,925)	3,611	(3,302)
Income (loss) from associates and other equity investments	144	0	43	(51)	0	136
EBT	3,107	2,530	2,454	(1,120)	(1,477)	5,494
Taxes						(1,902)
Result for the period						**3,592**
Assets	85,467	62,243	55,615	257,378	(245,728)	214,975
thereof investments accounted for using the equity method	3,843	53	43	0	0	3,939
Non-allocated assets						9,634
Total assets						**224,609**
Financial liabilities	31,400	11,008	50,581	33,500	(68,535)	58,224
Other debt	44,922	25,458	14,990	31,004	(55,057)	61,317
Non-allocated debt						2,674
Total liabilities						**122,215**
Depreciation, amortization and impairment	3,278	1,815	1,622	720	0	7435
Investments	4,505	951	85	842	0	6,383
2014						
External sales	153,991	74,189	68,350	2,341	0	298,871
Internal sales	16,940	10,394	304	12,816	(40,454)	0
Total sales	**170,931**	**84,583**	**68,654**	**15,157**	**(40,454)**	**298,871**
EBIT	2,863	1,252	3,493	(1,567)	187	6,228
Financial income	264	675	123	3,632	(3,816)	878
Finance costs	(2,923)	(609)	(2,389)	(2,085)	3,816	(4,190)
Income (loss) from associates and other equity investments	600	53	0	(69)	0	584
EBT	804	1,371	1,227	(89)	187	3,500
Taxes						(3,032)
Result for the period						**468**
Assets	86,597	62,581	48,524	252,686	(242,087)	208,301
thereof investments accounted for using the equity method	3,662	53	0	0	0	3,715
Non-allocated assets						10,050
Total assets						**218,351**
Financial liabilities	32,707	12,294	44,875	36,358	(67,394)	58,840
Other debt	44,968	26,074	13,425	28,768	(53,536)	59,699
Non-allocated debt						2,464
Total liabilities						**121,003**
Depreciation, amortization and impairment	3,061	2,399	1,370	395	0	7,225
Investments	3,661	1,302	1,400	437	0	6,800

The Deufol Group has various customers which are themselves subsidiaries of a corporate group. In the past financial year, the Deufol Group realized € 104.1 million (previous year: € 90.8 million) or approx. 32.0 % (previous year: 30.4 %) of its total sales with these customers. This relates to the segments Rest of Europe and USA/Rest of the World.

40 Information on Services

The following table shows the sales trend by service:

Figures in € thousand	Export & Industrial Packaging	Consumer & Data Packaging	Supplementary Services	Holding company	Elimination	**Group**
2015						
External sales	168,916	122,592	32,590	737	0	324,835
Internal sales	34,335	1,241	3,418	14,973	(53,967)	0
Total sales	**203,251**	**123,833**	**36,008**	**15,710**	**(53,967)**	**324,835**
2014						
External sales	151,535	114,165	30,830	2,341	0	298,871
Internal sales	24,520	1,190	1,928	12,816	(40,454)	0
Total sales	**176,055**	**115,355**	**32,758**	**15,157**	**(40,454)**	**298,871**

41 Events after the Balance Sheet Date

In Germany and Europe, Deufol has a syndicated financing arrangement with a term ending in October 2016. For this financing arrangement, in the past fiscal year the Group commenced negotiations over the extension and expansion of its lines of credit. These negotiations were successfully concluded in January 2016 with the signing of the new agreement. In this respect, improvements were realized in the financial covenants specified in the loan agreement. The Group also expanded its existing financial leeway. The new agreement has a term which expires in October 2019. No material events occurred after the balance sheet date for which a reporting obligation is applicable pursuant to IAS 10.

Supplementary Disclosures

Disclosures Concerning the Executive Bodies

The Administrative Board – which comprised six non-executive directors and two managing directors as of the end of 2015 – had the following membership in the reporting period:

Name and position	
Detlef W. Hübner (Chairman) Appointed until the 2017 AGM	■ Managing Director of Deufol SE
Helmut Olivier (Deputy Chairman) Appointed until the 2017 AGM	■ Executive Board member of Lehman Brothers AG i. Ins.
Dr. Helmut Görling Appointed until the 2017 AGM	■ Partner of AGS Acker Görling Schmalz Rechtsanwälte Partnerschaftsgesellschaft mbH, Frankfurt am Main
Dennis Hübner Appointed until the 2017 AGM	■ Managing Director of Deufol SE
Prof. Dr. Wolfgang König Appointed until the 2017 AGM	■ Managing Director at House of Finance, Goethe University Frankfurt
Wulf Matthias Appointed until the 2017 AGM	■ Director of M. M. Warburg & CO, Frankfurt am Main
Peter Oberegger Appointed until the 2017 AGM	■ Managing Director at Peer Swan Group GmbH, Oberhaching
Axel Wöltjen Appointed until the 2017 AGM	■ Managing Director of A. Wöltjen Consulting GmbH, Wendelstein

No loans or advances were granted to members of the Administrative Board. Nor were any contingent liabilities assumed in favor of the members of the Administrative Board.

In 2015, Administrative Board compensation totaled € 165 thousand (previous year: € 152.28 thousand).

The Company had the following managing directors in the reporting period:

Name	Departments
Klaus Duttiné	Finance, Legal & Compliance, Investor Relations & Communications, Human Resources, Property & Administration
Jens Hof (to June 30, 2015)	Business Development & Marketing, Purchasing
Dennis Hübner	Production, IT Services, Box Engineering, Project Management, Operational Excellence, Compliance & Quality Operations: Rest of the World
Detlef W. Hübner	Strategy
Olaf Lange (to March 25, 2015)	Operations: North Germany
Jürgen Schmid	Business Development Operations: South Germany & Eastern Europe
Manfred Weirich (to June 30, 2015)	Operational Excellence, Compliance & Quality

The total remuneration of the managing directors can be broken down as follows:

Figures in € thousand	**2015**	2014
Fixed remuneration	1,532	1,634
Variable remuneration	495	0
Other remuneration	93	90
Total	**2,120**	**1,724**

The compensation of the managing directors for fiscal year 2015 totaled € 2,120 thousand (previous year: € 1,724 thousand). This relates to short-term benefits.

Information in Accordance with Section 264 (3) of the German Commercial Code

The consolidated financial statements of Deufol SE have a discharging effect for the preparation and disclosure of the annual financial statements of the consolidated corporations pursuant to section 264 (3) HGB once the preconditions laid down in these provisions have been fulfilled. The following consolidated companies will in this case make use of the exemption provisions:

- Deufol Nürnberg GmbH, Nuremberg
- Deufol Frankfurt GmbH, Frankfurt am Main
- Deufol West GmbH, Oberhausen
- Deufol Süd GmbH, Neutraubling
- Deufol Remscheid GmbH, Remscheid
- IAD Industrieanlagen-Dienst GmbH, Munich
- Deufol Berlin GmbH, Berlin

Relationships with Related Parties

As well as the companies included in the consolidated financial statements, Deufol SE also has direct or indirect relations with non-consolidated subsidiaries, associates and joint ventures in the course of its normal business; these relations are indicated in the list of shareholdings. Business relationships with these companies are entered into on an arm's length basis.

A. Wöltjen Consulting GmbH, Wendelstein, qualifies as a related party since its managing director has been a member of the Administrative Board of Deufol SE since July 2, 2013. In fiscal year 2015, expenses amounted to € 71 thousand (previous year: € 57 thousand), while income amounted to € 55 thousand (previous year: € 0 thousand). On December 31, 2015, the Company had liabilities in relation to A. Wöltjen Consulting GmbH in the amount of € 11 thousand (previous year: € 8 thousand).

Since a partner of the law firm AGS Acker Görling Schmalz Rechtsanwälte Partnerschaftsgesellschaft mbh (AGS Legal), Frankfurt am Main, has served on the Administrative Board of Deufol SE since December 21, 2012, this firm qualifies as a related party. In fiscal year 2015 expenses amounted to € 126 thousand (previous year: € 296 thousand). On December 31, 2015, the Company had liabilities in relation to AGS Legal in the amount of € 7 thousand (previous year: € 101 thousand).

The transactions with other related parties also include relationships with companies in which Mr. Detlef W. Hübner holds a majority interest. In the past financial year, these transactions resulted in revenue in the amount of € 2 thousand (previous year: € 7 thousand) and expenses in the amount of € 9 thousand (previous year: € 0 thousand). As of December 31, 2015, receivables from these companies and Mr. Detlef W. Hübner amounted to € 1 thousand (previous year: € 0 thousand), while liabilities in relation to these companies and Mr. Detlef W. Hübner totaled € 11 thousand (previous year: € 0 thousand).

The following table shows the services performed by the Group for related parties and for the Group by related parties in the past fiscal year:

Figures in € thousand	Associates and other equity investments	Other related parties
2015		
Sales and other income	2,033	2
Expenses	(2,373)	188
Purchase of property, plant and equipment	0	56
Receivables	59	2
Liabilities	342	29
2014		
Sales and other income	1,650	7
Expenses	(5,738)	353
Purchase of operating and office equipment	0	0
Receivables	331	0
Liabilities	1,752	109

Auditors' Report

We have audited the consolidated financial statements – comprising the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes – and the Company and Group management report prepared by Deufol SE, Hofheim, for the fiscal year from January 1 to December 31, 2015. The Company's management is responsible for preparation of the consolidated financial statements and the summarized management and Group management report in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the supplementary provisions of German commercial law required to be applied under section 315 a (3) HGB. Our responsibility is to express an opinion on the consolidated financial statements and the summarized management report and Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting standards and in the Company and Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Company and Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the determination of the companies to be included in the consolidated financial statements, the accounting and consolidation principles used and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements and the Company and Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of Deufol SE, Hofheim, comply with IFRS as adopted by the EU and the supplementary provisions of German commercial law required to be applied under section 315 a (3) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The summarized management report and Group management report is consistent with the consolidated financial statements, as a whole provides a suitable understanding of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, April 28, 2016

VOTUM AG
Wirtschaftsprüfungsgesellschaft
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Lothar Stache	Alexander Leoff
Certified auditor	Certified auditor

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Information on Deufol SE

Income Statement of Deufol SE

Figures in € thousand	2015	2014
1. Sales	**9,664**	**8,668**
2. Other operating income thereof income from currency translation: € 1,303 thousand (previous year: € 1,026 thousand)	10,082	16,201
3. Cost of materials	(3,902)	(3,146)
4. Personnel costs		
a) Wages and salaries	(5,447)	(4,958)
b) Social security contributions	(535)	(516)
5. Amortization of intangible assets and depreciation of property, plant and equipment	(895)	(554)
6. Other operating expenses thereof expenses for currency translation: € 220 thousand (previous year: € 3 thousand)	(10,525)	(14,692)
7. Income due to profit transfer agreements thereof from affiliated companies: € 3,224 thousand (previous year: € 3,334 thousand)	3,224	3,334
8. Income from investments thereof from affiliated companies: € 0 thousand (previous year: € 1,218 thousand)	0	1,218
9. Other interest and similar income thereof from affiliated companies: € 3,098 thousand (previous year: € 3,610 thousand)	3,115	3,632
10. Write-downs of financial assets thereof from affiliated companies: € 458 thousand (previous year: € 2,551 thousand)	(458)	(2,551)
11. Interest and similar expenses thereof from affiliated companies: € 397 thousand (previous year: € 94 thousand)	(1,925)	(2,085)
12. Income/loss from ordinary activities	**2,398**	**4,551**
13. Income taxes	(567)	(429)
14. Other taxes	(22)	(7)
15. Net profit for the year	**1,810**	4,116
16. Retained profits brought forward	22,929	18,814
17. Net income for the year	**24,740**	**22,929**

Balance Sheet of Deufol SE

Assets

Figures in € thousand	Dec. 31, 2015	Dec. 31, 2014
A. Fixed assets	**114,022**	**114,135**
I. Intangible assets	2,947	2,965
1. Purchased licenses, trademarks and similar rights and assets as well as licenses for such rights and assets	2,290	2,319
2. Advance payments made	657	646
II. Property, plant and equipment	6,207	6,120
1. Land, land rights and buildings including buildings on third-party land	5,434	5,577
2. Other equipment, operating and office equipment	729	543
3. Advance payments made and assets under construction	46	0
III. Financial assets	104,868	105,050
1. Shares in affiliated companies	99,846	100,288
2. Loans to affiliated companies	4,720	4,508
3. Investments	302	134
4. Loans to companies in which a participating interest is held	0	120
B. Current assets	**46,240**	**45,971**
I. Receivables and other assets	36,890	37,512
1. Trade receivables	136	189
2. Receivables from affiliated companies	35,295	35,745
3. Receivables from companies in which a participating interest is held	23	0
4. Other assets	1,436	1,578
II. Cash in hand, bank balances	9,350	8,459
C. Deferred expenses and accrued income	**170**	437
Total assets	**160,432**	**160,543**

Equity and liabilities

Figures in € thousand	Dec. 31, 2015	Dec. 31, 2014
A. Equity	**96,744**	**94,934**
I. Subscribed capital Contingent capital: € 20,000 thousand (previous year: € 8,413 thousand)	43,774	43,774
II. Capital reserves	28,184	28,184
III. Retained earnings Legal reserve	46	46
IV. Net income for the year thereof retained profits brought forward: € 22,929 thousand (previous year: € 18,815 thousand)	24,740	22,929
B. Provisions	**2,154**	**1,562**
1. Tax provisions	233	343
2. Other provisions	1,921	1,219
C. Liabilities	**61,534**	**64,034**
1. Liabilities to banks	33,276	36,358
2. Trade payables	1,207	1,261
3. Liabilities to affiliated companies	25,232	26,177
4. Liabilities to companies in which a participating interest is held	29	0
5. Other liabilities thereof taxes: € 1,465 thousand (previous year: € 189 thousand) thereof social security liabilities: € 0 thousand (previous year: € 0 thousand)	1,790	238
D. Deferred income and accrued expenses	**0**	**13**
Total equity and liabilities	**160,432**	**160,543**

Significant Equity Investments of Deufol SE

	Equity interest (%)*	Shareholders' equity (€ thousand)	Sales (€ thousand)	Employees
Germany				
Deufol Berlin GmbH, Berlin	100.00	256	17,142	80
Deufol Bochum GmbH, Bochum	100.00	(423)	5,965	36
Deufol Hamburg GmbH, Hamburg	100.00	(977)	12,211	42
Activatis GmbH (previously Deufol Mitte GmbH), Hofheim	100.00	(5,530)	15,868	361
Deufol München GmbH, Munich	100.00	(1,102)	3,857	24
Deufol Nord GmbH, Peine	100.00	(481)	18,708	199
Deufol Nürnberg GmbH, Nuremberg	100.00	17,198	18,617	100
Deufol Remscheid GmbH, Remscheid	100.00	330	3,843	18
Deufol Süd GmbH, Neutraubling	100.00	138	39,387	214
Deufol Südwest GmbH, Walldorf	100.00	3,237	12,470	76
Deufol West GmbH, Oberhausen	100.00	2,177	28,726	211
Drelu	55.10	245	8,422	49
DTG Verpackungslogistik GmbH, Fellbach	51.00	546	7,409	30
Rest of Europe				
Deufol Austria GmbH., Bruck a. d. L., Austria	100.00	239	5,650	19
Deufol België N. V., Tienen, Belgium	100.00	10,421	30,710	16
Deufol Česká republika a. s., Ivancice, Czech Republic	100.00	1,900	16,298	202
Deufol Italia S. p. A., Fagnano Olona, Italy	100.00	1,344	10,727	54
Deufol Logistics Tienen N. V., Tienen, Belgium	100.00	(77)	7,740	77
Deufol Waremme S. A., Waremme, Belgium	98.75	7,103	11,007	86
USA / Rest of the World				
Deufol Sunman Inc., Sunman, Indiana (USA)	100.00	5,192	78,938	491

*attributable to the relevant parent

Glossary

Acid test (%)
Ratio of cash and cash equivalents plus current receivables and inventories to current liabilities

Asset cover ratio I
Ratio of equity to noncurrent assets

Asset cover ratio II
Ratio of equity plus noncurrent liabilities to noncurrent assets

Asset depreciation ratio
Ratio of the accumulated depreciation of property, plant and equipment to the historical cost

Capital employed
Operating capital that is tied up in the operation of a company. It is the total of working capital, the net carrying amount of property, plant and equipment and other noncurrent assets (offset against other noncurrent, non-interest-bearing liabilities)

Cash ratio (%)
Ratio of cash and cash equivalents to current liabilities

Current ratio (%)
Ratio of cash and cash equivalents plus current receivables to current liabilities

Days payables outstanding
Ratio of trade payables to revenue

Days sales outstanding
Ratio of trade accounts receivable to revenue

Dividend yield (%)
Dividend paid for the fiscal year as a ratio of the year-end stock exchange price

EBIT
Earnings before interest and taxes

EBITA
Earnings before interest, taxes and amortization/impairment of goodwill

EBITDA
Earnings before interest, taxes, depreciation and amortization/impairment of goodwill

EBT
Earnings before taxes

EBTA
Earnings before taxes and amortization/impairment of goodwill

Enterprise value
The enterprise value is the value (price) of a company if it were to be purchased and subsequently freed of debt (including the sale of non-operating assets such as financial assets). It is calculated as the sum of the company's market capitalization and net liabilities

Free cash flow
The net amount of cash flow from ordinary operating activities and cash flow from investing activities

Interest cover
The total of EBITA and interest income divided by interest expense

Investment ratio
Ratio of capital expenditure to sales

Net carrying amount per share
Ratio of equity adjusted for deferred tax assets to the number of shares in circulation

Net financial liabilities
Financial liabilities less financial receivables and cash and cash equivalents

Operating cash flow
Net cash provided by operating activities

Personnel expense ratio
Ratio of personnel expenses to revenue

Price earnings ratio
Ratio of share price to earnings per share

Property, plant and equipment ratio
Ratio of property, plant and equipment to total assets

Receivables turnover
Ratio of revenue to trade accounts receivable

Working capital
Working capital is the difference between current assets and current non-interest-bearing liabilities.

Consolidated Key Figures – Five-Year Overview

Results of Operations	2015	2014	2013	2012	2011
Sales (€ thousand)	324,835	298,871	318,698	333,014	315,190
Change on previous year (%)	8.7	(6.2)	(4.3)	5.7	4.0
EBITDA (€ thousand)	15,601	13,453	14,765	14,976	19,503
Margin (%)	4.8	4.5	4.6	4.5	6.2
EBITA (€ thousand)	8,166	6,228	6,045	6,207	10,713
Margin (%)	2.5	2.1	1.9	1.9	3.4
EBT (€ thousand)	5,494	3,500	2,725	2,808	7,382
Margin (%)	1.7	1.2	0.9	0.8	2.3
Income (loss) from continuing operations (€ thousand)	3,592	468	478	406	3,872
Margin (%)	1.1	0.2	0.2	0.1	1.2
Net income (€ thousand)	3,299	228	294	(279)	89
Margin (%)	1.0	0.1	0.1	(0.1)	0.03
Operating cash flow (€ thousand)	5,541	22,243	17,188	16,007	4,623
Margin (%)	1.7	7.4	5.4	4.8	1.5
Free cash flow (€ thousand)	2,673	19,905	12,010	13,612	4,259
Margin (%)	0.8	6.7	3.8	4.1	1.4

Assets Position	2015	2014	2013	2012	2011
Current assets (€ thousand)	87,537	79,434	70,798	76,124	86,689
as % of total assets	39.0	36.4	33.2	34.5	37.1
Noncurrent assets (€ thousand)	137,072	138,917	142,159	144,816	146,660
as % of total assets	61.0	63.6	66.8	65.5	62.9
Balance sheet total (€ thousand)	224,609	218,351	212,957	220,940	233,349
Change on previous year (%)	2.9	2.5	(3.6)	(5.3)	2.9
Liabilities (€ thousand)	122,215	121,003	117,419	124,282	135,013
as % of total assets	54.4	55.4	55.1	56.3	57.9
Shareholders' equity (€ thousand)	102,394	97,348	95,538	96,658	98,336
as % of total assets	45.6	44.6	44.7	43.8	42.1
Working capital (€ thousand)	30,543	24,294	23,534	31,772	39,362
as % of total assets	13.6	11.1	11.1	14.4	16.9
Capital employed (€ thousand)	161,383	156,983	159,079	168,373	176,812
as % of total assets	71.9	71.9	74.7	76.2	75.8
Noncurrent/current assets	1.57	1.75	2.0	1.90	1.69
Shareholders' equity/liabilities	0.84	0.80	0.81	0.78	0.73
Property, plant and equipment ratio	0.20	0.21	0.22	0.22	0.21
Asset depreciation ratio (%)	66.6	65.1	62.6	62.9	61.7
Inventories/sales (%)	3.9	4.1	3.8	3.7	3.9
Receivables turnover	7.3	8.8	8.6	7.6	6.4
Days sales outstanding	50.0	41.3	42.4	48.1	56.8
Days payables outstanding	41.8	44.4	35.9	33.4	33.5

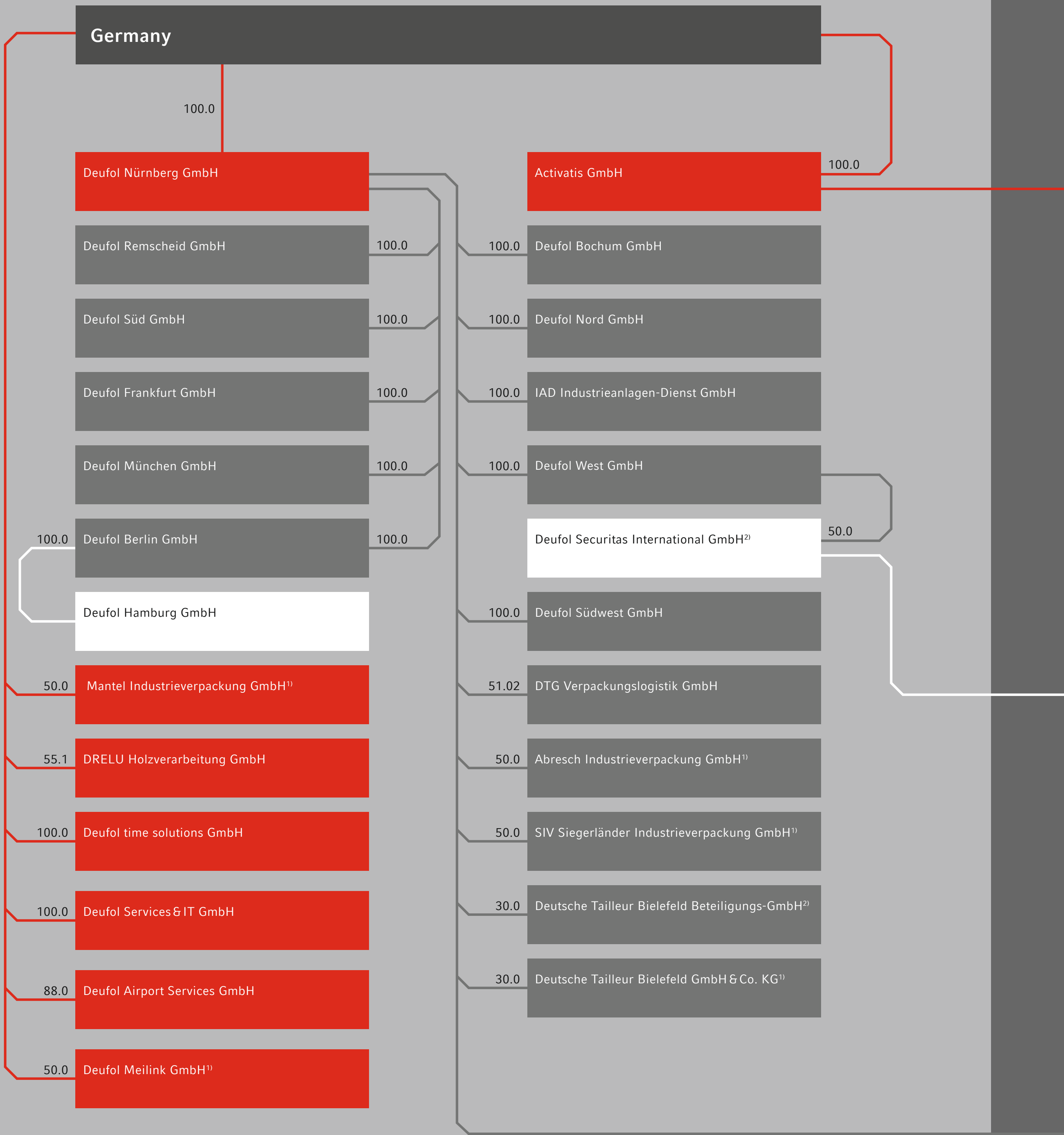
Financial and liquidity ratios	2015	2014	2013	2012	2011
Capital employed/sales (%)	49.7	52.5	49.9	50.6	56.1
Investment ratio (%)	1.6	1.9	2.8	2.6	2.3
Operating cash flow/investments (%)	86.8	330.6	171.0	167.5	58.6
Asset cover ratio I (%)	83.5	78.9	77.8	78.3	80.0
Asset cover ratio II (%)	125.2	122.7	95.2	127.6	128.2
Interest cover	2.6	1.7	1.3	1.4	2.1
Cash ratio (%)	20.2	23.9	5.2	11.5	15.1
Acid test (%)	105.5	100.2	61.0	100.5	98.4
Current ratio (%)	123.2	118.7	73.6	120.1	114.6
Financial liabilities/equity (%)	61.7	65.4	72.4	80.5	88.6
Financial liabilities/capital employed (%)	36.1	37.5	39.5	42.1	45.0
Net financial liabilities/EBITDA	2.5	2.7	3.4	3.7	3.0
Net financial liabilities/market capitalization (%)	169.3	107.0	119.8	123.3	135.0

Productivity ratios	2015	2014	2013	2012	2011
Sales per employee (€)	122,974	118,459	117,862	120,483	111,849
EBITDA per employee (€)	5,906	5,332	5,460	5,418	6,921
EBITA per employee (€)	3,091	2,468	2,236	2,246	3,802
Operating cash flow per employee (€)	2,098	8,816	6,357	5,791	1,641
Personnel costs per employee (€)	39,065	37,688	35,549	35,492	32,816
Personnel cost ratio (%)	31.8	31.8	30.2	29.5	29.3

Per-share ratios	2015	2014	2013	2012	2011
Earnings per share from continuing operations (€)	0.075	0.005	0.007	0.001	0.08
Earnings per share (EPS), (€)	0.075	0.005	0.007	(0.006)	0.002
Price earnings ratio (PER)	7.1	151.5	142.9	n/m	—
Dividend per share (€)	0.00	0 (e)	0.00	0.00	0.03
Dividend yield (%)	—	—	—	—	3.1
Book value per share (€)	2.15	2.06	1.98	2.01	2.05
Price/book value	0.25	0.38	0.48	0.51	0.48
Book value per share less goodwill (€)	0.59	0.49	0.41	0.45	0.49
Price/book value less goodwill	0.9	1.6	2.3	2.3	2.0

Investment ratios	2015	2014	2013	2012	2011
Market capitalization/sales	0.07	0.12	0.13	0.13	0.14
Enterprise value/sales	0.21	0.26	0.32	0.33	0.35
Enterprise value/EBITDA	4.4	5.8	6.8	7.3	5.6
Enterprise value/EBIT	8.3	12.5	16.6	17.6	10.2
Enterprise value/operating cash flow	12.3	3.5	5.9	6.8	23.7
Enterprise value/free cash flow	25.4	3.9	8.4	8.0	25.8

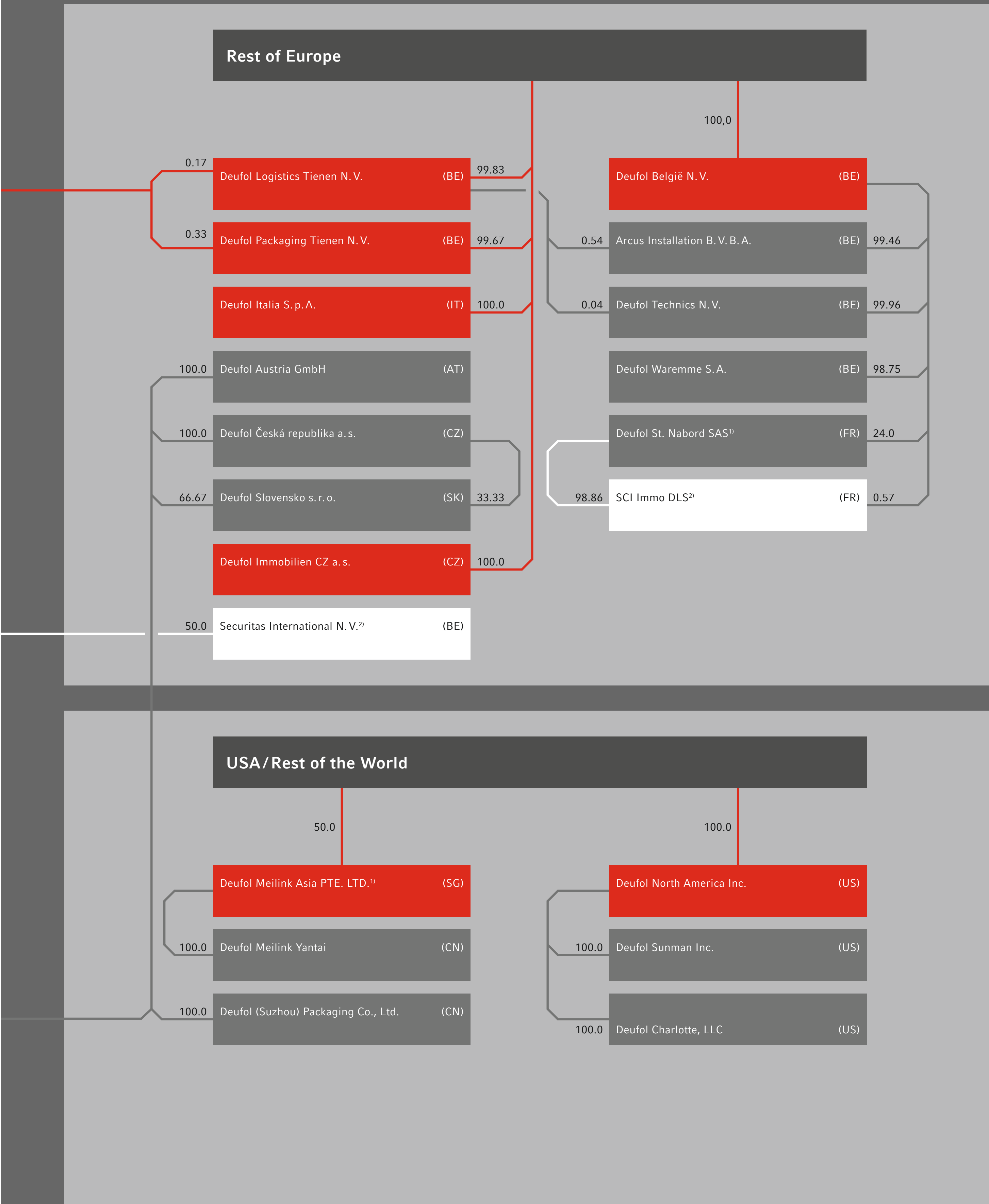
Operational Investments of Deufol SE*



Tier 1 investment
Tier 2 investment
Tier 3/4 investment

1) Consolidated at equity
2) Unconsolidated

*As at December 31, 2015; in %


Rest of Europe
100,0
0.17
Deufol Logistics Tienen N. V. (BE)
99.83
Deufol België N. V. (BE)
0.33
Deufol Packaging Tienen N. V. (BE)
99.67
0.54
Arcus Installation B. V. B. A. (BE)
99.46
Deufol Italia S. p. A. (IT)
100.0
0.04
Deufol Technics N. V. (BE)
99.96
100.0
Deufol Austria GmbH (AT)
Deufol Waremme S. A. (BE)
98.75
100.0
Deufol Česká republika a. s. (CZ)
Deufol St. Nabord SAS[1] (FR)
24.0
66.67
Deufol Slovensko s. r. o. (SK)
33.33
98.86
SCI Immo DLS[2] (FR)
0.57
Deufol Immobilien CZ a. s. (CZ)
100.0
50.0
Securitas International N. V.[2] (BE)
USA / Rest of the World
50.0
100.0
Deufol Meilink Asia PTE. LTD.[1] (SG)
Deufol North America Inc. (US)
100.0
Deufol Meilink Yantai (CN)
100.0
Deufol Sunman Inc. (US)
100.0
Deufol (Suzhou) Packaging Co., Ltd. (CN)
100.0
Deufol Charlotte, LLC (US)

Financial Calendar

April	29, 2016	Annual Financial Report 2015
June	30, 2016	Annual General Meeting 2016
August	12, 2015	Half-Year Financial Report 2016

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Key to Symbols

- Basis of Preparation
- Scope of Consolidation
- Consolidated Income Statement Disclosures
- Consolidated Balance Sheet Disclosures
- Consolidated Cash Flow Statement Disclosures
- Other Disclosures
- Segment Information
- Supplementary Disclosures

This report is available in German and English. Both versions are available on the Internet at www.deufol.com.

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